

Dynamic Holding Co., Ltd.

2022 ANNUAL REPORT

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Corporate Vision 、 Mission 、 Values and Business Philosophy



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I. Letter to Shareholders

Dear Shareholders:

The global market demand has experienced a bumpy volatility in 2022. The Russia-Ukraine war remains locked in stalemate and continues to escalate, geopolitical risks increase and protectionism rises, the impact of international inflation led to the rate hike by U.S. Fed, and the repeated interference from COVID epidemic, etc. Not only disrupts the smooth operation of the global supply chain, but also weakens consumer confidence and demand. We are faced with the challenge of rapid fluctuations in the industrial economy.

PCB industry has achieved outstanding results in 2020 and 2021, with growth rates of 9.4% and 22.5% respectively. However, the growth momentum of the global PCB production value in 2022 started weakening quarter by quarter, especially in the second half of the year. The significant impact of sluggish consumer demand continued all the way to the end of the year and there was still no sign of improvement, which can be regarded as the turning point of the economy. It is estimated that the global PCB production value in 2022 was US\$88.2 billion, with an annual growth rate of 3.2%, which is quite significant drop compared to 22.5% in 2021. In addition to economic factors, geopolitics and extreme climate issues also affect the PCB industry. Therefore, besides products and technologies, manufacturers' overseas layout and green investment are all important considerations in investment decisions.

Dynamic transformed into a holding company in 2022 in order to achieve the goal of long-term expansion, improve overall operating performance and protect shareholders' rights and interests, hoping to meet the ever-changing needs of the market through diversified industrial cooperation, strengthen competitiveness, improve operational performance and create shareholder value to achieve sustainable corporate development. We focused on markets or products that exert synergistic effects through the mutual sharing and complementarity of resources in the initial stage. In the short and medium term, we will still focus on the manufacturing and service of PCB as the main business line. In the future, we hope to maximize shareholders' rights and interests by continuously evaluating investment targets or negotiating cooperation with strategic partners.

Dynamic's automotive boards accounted for 60% in 2022, including about 20% of automotive boards for electric vehicle. In 2022, the revenue of automotive boards grew by about 17% with stable growth momentum. However, the demand for display panels and storage devices, the second and third largest product lines, has been greatly reduced due to the poor economic environment, so the overall revenue growth rate was -2.89%. However, due to the development of the product structure towards high-tech content, the expansion of Huangshi Factory's automated and intelligent production capacity, and the support of the exchange rate, the net profit after tax increased by 16.32%.

Dynamic established the ESG (Environment, Social, Corporate Governance) Sustainability Committee in February 2022. Under the guidance and supervision of the board of directors, it will cover all relevant departments, including operations, environmental safety and health, public facilities, R&D, quality assurance, sales, and supply chain management. , human resources, IT, finance, legal affairs, etc., with sound corporate governance as the cornerstone, set strategic goals and plan action plans for all aspects of ESG, and adjust the direction step by step to expand the scope, hoping to establish a top-down operating model and integrated into our day-to-day business.

The ESG Sustainability Committee has set the company's short/medium/long-term carbon reduction goals: In terms of reducing energy consumption and greenhouse gas emission intensity, taking 2019 as the baseline, the energy consumption intensity and greenhouse gas emission intensity (based on revenue) is reduced by at least 4% per year, and will be reduced by at least 20% by 2025 and by at least 50% by 2030 which reaches peak carbon dioxide emissions. Carbon neutrality will be achieved by 2050. In terms of planning solar power generation areas, Huangshi Plant built a new solar photovoltaic power generation center, planning to complete a photovoltaic power plant with a daily power generation capacity of 8,400KW in three years. The first phase of the plan has been completed, with an average daily power generation capacity of 650KW; In 2022, 10 million KW of green electricity has been purchased, accounting for about 6% of the electricity consumption of Huangshi Plant. The follow-up green electricity procurement plan is actively planned.

In order to establish a sustainable system and improve information transparency, our sustainability report implements climate-related risk and opportunity identification based on Task Force on Climate-related Financial Disclosures (TCFD), and formulates management guidelines and countermeasures for high-risk projects. At the same time Introduce scenario analysis of climate change risks; and to fully demonstrate long-term performance and value, we compile ESG information in accordance with the "Sustainability Accounting Standards Board (SASB)" to meet the comprehensive needs of stakeholders.

In 2023, we will continue to actively plan carbon reduction actions, including ISO14064 quantification of indirect greenhouse gas carbon emissions (category 3), ISO14067 product carbon footprint (Carbon Footprint of Product, CFP) inspection, and commit to science-based carbon reduction targets (Science Based Targets initiative, SBTi). We invite the supply chain to join the team of carbon reduction, hoping to contribute to protect the beautiful earth that nourishes us.

Dynamic's ESG performance in 2022 includes: Dynamic Group won the top 5% of listed companies in the corporate governance evaluation conducted by the Financial Supervisory Commission for six consecutive years, the highest rank of corporate governance evaluation, Water-saving Corporate, Advanced Enterprise for Employment and Entrepreneurship in Hubei Province, Pioneer Enterprise for High-quality Industrial Development, May 1st Labor Award, Advanced Unit for Safety Production Work, Contract-abiding and Credit-honoring Enterprise, etc. Kunshan Plant was also awarded by Suzhou City for Harmonious Labor Relations Enterprise, Alliance for Water Stewardship, and the AWS International Sustainable Water Management Certificate. The Dynamic Sustainability Report also received the highest score among the companies that were evaluated for the first time in Cathay Pacific' s 2022 ESG evaluation, rated AA.

Our 2022 operating performance and 2023 business plan summary are shown as follows:

A. Operation Results in 2022

(A) Consolidated operation plan execution results in 2022

Unit: NTD thousands

Item	2021	2022	Growth Rate
Operating income	15,753,057	\$15,297,012	(2.89%)
After-tax (loss) gain	470,454	552,634	17.47%
Profitability	2.99%	3.61%	20.74%

(B) Consolidated budget implementation in 2022

Unit: NTD thousands

Item	2022 Actual Performance	2022 Budget	Achievement Rate
Operating income	15,297,012	15,205,927	100.60%
Operating cost	12,636,809	12,615,224	100.17%
Operating margin	2,660,203	2,590,703	102.68%
Operating expenses	1,826,720	1,835,360	99.53%
Operating profit	833,483	755,343	110.34%
Pre-tax profit	776,848	710,017	109.41%

(C) Revenue and profitability analysis in 2022

Unit: NTD thousands

Item		2021	2022
Financial revenues & expenses	Financial revenue	16,005,900	15,483,867
	Financial expenses	15,358,764	14,707,019
Profitability	Return on assets	3.75%	3.94%
	Return on equity	8.83%	9.48%
	Ratio to paid-in capital	Operating profit	23.40%
		Pre-tax profit	23.32%
	Net profit margin	2.99%	3.61%
	Earnings (loss) per share in NTD	1.70	1.97

(D) Research and development status in 2022

Due to the continuation of the COVID-19 epidemic and the shortage of chips in 2022, although the overall progress has been delayed due to the lack of

chips, the general direction of the application and development of new technologies has not changed. The good thing is the epidemic has gradually turned into a flu, and each country has gradually lifted the lockdown, people's life has gradually returned to normal, but the long-distance mode has formed during the epidemic. Therefore, the application of network communication continues to develop. 5G mobile communications, auto-driving, satellite communications and server-related are still the main focuses of the development of the electronics industry. Furthermore, in response to the high heat dissipation requirements of new energy vehicles and Mini-LED displays, there is also a strong market demand for heat dissipation technologies such as thick copper, embedded copper coin and copper paste. In 2022, in addition to continuing to improve quality and enhance process capabilities, we also successfully used our professional capabilities in high-frequency/microwave products to develop early stage product design with a number of network communication product companies and automotive millimeter-wave radars. In response to the needs of the server market, Huangshi Plant II has also invested a large amount of equipment and technology to meet the needs of high-layer count PCB production, strengthening the company's capabilities in the server and switch markets, and at the same time strengthening the company's technical capability of high-frequency / microwave product development. Introduced antenna self-detection technology and equipment to keep boosting competitiveness in the technical requirements for future electronic industry's high-frequency, high-speed, and high-heat dissipation.

The main R&D projects and achievements in year 2022 are summarized as the following six points:

1. High-speed and low-signal-loss products: Continue to test various materials such as Ultra low loss, Ultra low loss 2, Super ultra low loss, etc. and obtain UL certification, and have produced a small amount of optical transceiver products for 800G. For AI servers and Data Center servers, the demand for data processing and AI accelerated computing in various application fields is increasing, and the demand for global cloud data centers and high-performance computing (HPC) servers is also growing. The promotion of corporate customers' intelligent networking (AI+IoT, AIoT) and Open Ran further expands the demand of telecom manufacturers for ODM Direct servers; at the same time, server platforms are showing diversified development, with X86-based Intel and

AMD taking more than 90% of the market share. Affected by geopolitics and product diversification demand, the market share of ARM products is expected to grow higher in 2023. In terms of product design, the speed of the new generation of server platform products has reached the 32GT/s requirement of PCIe5.0, and the speed of the next generation of PCIe6.0 products will further go up to 64GT/s, and the Coding method will be changed from NRZ of PCIe 5.0 to PAM4. The addition of the number of high-speed signal lines has led to an increase in the number of layers of server products to 22 layers. The entire BGA size is larger, and the flatness of the partial areas has been included in the control requirements. At the same time, the diameter of the via hole is reduced to 0.2mm, and the requirements for layer deviation, drilling (including back drilling) and plating are more stricter. In addition, due to the price sensitivity of the server, the product has further requirements for the copper foil roughness of the inner and outer layers, low roughness bondfilm solution, low-loss ink for the outer layer, and hybrid layer processing. The materials required for the 5G generation application on the Intel Eagle Stream platform have been certified. At the same time, the bondfilm solution and pulse electroplating process technology for low etching are also being actively developed.

2. High-end HDI and thin products: Successfully completed 16-layer Anylayer HDI small volume production of high-end HDI, 14-layer Anylayer PCS size>550mm LCD/LED size control motherboard development, 12-layer Anylayer Cavity high-end laptop motherboard certification and mass production. Completed the development and mass production of 12-layer Anylayer automotive central control motherboards, and mass-produced 14-layer 3oz inner-outer design smart grid control HDI boards. Successfully developed and mass-produced 8+8 HDI PCS size>580mm, 1pc/panel test module products. The diameter of blind holes is also downsized to 3mil. In addition, the investigation and standardization of materials that can withstand multiple laminations have been completed, so that the materials used by Anylayer can be more diverse and stable. The thinner product Mini-LED with a thickness of 0.2mm has been certified and started production. The focus of research and development in 2022 is to invest in process capabilities to improve the development and production of BT material products such as thinner thickness (0.15-0.1mm).
3. Mini-LED display products: Currently developing towards higher resolution to meet product design and development with minimum pad gap design of 0.04mm, board thickness as thin as 0.2mm, and reflectivity as high as 90%. At the same time, it also develops other different product types, and develops outdoor display panels.
4. High-frequency millimeter-wave (mmWave) products: The shipments of automotive millimeter-wave radar 24GHz/60GHz/77GHz is increasing. Keep developing the related prospective customers. In terms of self-testing of antenna performance and development of new antenna technology, we have started the production of 4D imaging radar samples with a number of customers and have continuously shipped them for customer verification. In addition,

relevant testing equipment has been purchased, which has testing capabilities and can meet customer needs in an all-round way. In terms of satellite communication and microwave products, the GEO (Geostationary Satellite) ground receiving station continues to be mass-produced, and for the most scalable LEO (Low Orbit Satellite) ground receiving station, we continue to approach customers for mass production opportunities. The 5G Open RAN RU module is being developed in cooperation with customers. The 5G small base station FWA (Fixed Wireless Access) and CPE (Customer Pre-Equipment) have obtained multiple customer certifications. Due to the delay in the overall progress of 5G millimeter wave resulted from the epidemic, we are currently working with customers on initial-stage sample development and production tests for 28GHz and 39GHz products.

5. High heat dissipation products: used in communication high-frequency receivers, electric vehicle charging piles and automotive engine control modules. 6oz products with copper thickness for automotive relays have been mass-produced, 8oz products have begun to be developed and designed together with customers, and materials and process development for 12oz products have also been completed. The copper block is embedded in the high-frequency receiver, and the sample certification has been completed. The technical project of copper paste heat dissipation and conduction connection has entered the application testing stage. High-frequency power amplifier products are in the stage of sample development and process optimization. The Busbar product has completed sample development and testing, the car lamp has been certified by the customer, and the design criteria for buried copper has been completed. Continue to cooperate with customers to develop and improve the factory's related product production experience and process capabilities. The heat sink past technology is applied to the DC/DC of electric vehicles and the PCB in the compressor, and is developed in cooperation with customers.
6. Embedded active and passive component products: use embedded component technology to jointly develop embedded component 48V integrated Belt Starter Generator (iBSG) products with customers, and actively cut into the supply chain of 48V light oil electric vehicle parts. The product is currently in the trial production stage. Other embedded components for automotive products are currently under active development with customers. The application optimization stage is carried out for different embedded component manufacturing processes. The processing technique of magnetic material and its corresponding product design technique are in the stage of sample development with customers.

B. Business Plan Summary for 2023

(A) Business Principles

1. Business Level:

- (1) Set sustainability (ESG), transformation (smart manufacturing), upgrade (precise process), and profitability (internal growth) as the four major goals for 2022.
- (2) The board of directors enhances the importance of ESG, assists the company to achieve sustainability and enhance shareholder rights.
- (3) Establish an ESG Sustainability Committee and report to the Board on a regular basis. Set short-, medium- and long-term carbon reduction goals, link high-level compensation with ESG performance, and make "sustainability" one of the factors that differentiate Dynamic.
- (4) All directors and senior executives sign the "Declaration of Compliance with Integrity Management Policy", establish a corporate culture of integrity management, actively implement integrity management policies and commitments, carry it out in internal management and business activities, and review the implementation results at any time and keep improving to create a sustainable business environment.
- (5) Strengthen the implementation and achievement of the four major projects of smart manufacturing, precision manufacturing, talent cultivation and enthusiasm.

2. R&D Level:

(1) Continuing the research and development direction in 2022

- 5G high-frequency communication network base station and CPE, RRU, Small Cell, satellite communication, 800G high-speed transmission, Server and Switch
- Advanced Driver Assistance Systems (ADAS), 4D Imaging Radar, LiDAR
- Wearable device, 48V iBSG
- MiniLED backlight/direct-lit module
- Electric car charging pile, EV automotive relay, engine and motor control modules

(2) Technology development schedule is as follows:

Year Content	Product Application	2023				2024			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5G telecom/datacom small cell process capability development and samples	ADAS / Satellite Comm. / 5G comm./ 800G high speed	—	—	—	—	—	—	—	—
Mini LED Display process capability development and sample production	NB/TV/Display/LED screen (direct-lit)								
High-end server,	Server, Switch,								

Year Content	Product Application	2023				2024			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
switch products	Base station core								
Embedded component products	Wearable devices /48V iBSG>				-	-	-	->
Heat dissipation management products (HSP<Heat Sink Paste>、Coin、copper paste、thick copper above 6oz) process capability development and samples	Automotive/ Relays/charging piles for new energy vehicles /Medical/Defense/aerospace/5G communication /Satellite transmission>	-	-	-	-	-	-	->
High-frequency base station, satellite antenna product process capability development	Antenna for 5G base station /CPE/Small cell	-	-	-	-	-	-	->	->

Program evaluation>

Prototyping - - ->

Mass production ———>

3. Marketing Level:

- (1) Extend the company's marketing strategy considerations into customer marketing and production lines. Gather information on upper, middle, and lower stream industries; competitors; the environment; and administrative regulation related information through multiple channels so that the operational level can carry out appropriate decisions and R&D strategies.
- (2) Fully communicate with the customer design and sales end and fully cooperate with their market and product positioning to avoid over- and under-product specifications as well as successfully establishing a market segment using precise and appropriate product quality and cost prices.
- (3) Use production bases to cover international customers worldwide; actively establish a global services network; and provide instant and effective post-sales marketing, technology, and quality services in order to get a better grip on customers' demand and build a firm relationship with the customers.

- (4) Providing all kinds of resources for the research and development of the potential products which developed by emerging enterprises to establish a partnership basis, and to become their long-term collaboration partner once product development has matured and obtained a certain market share.

4. Management Level:

- (1) Respecting self-value realization of employees and continuing to promote talent cultivation projects to improve the quality of all levels of leaders. Carry out career development planning and design in both management and professional techniques. Furthermore, to better implement corporate social responsibility (CSR) and improve the requirements of the Responsible Business Alliance (RBA) to root the company culture (Integrity, Enthusiasm, Learning, Teamwork) in everyone's heart. Build a developmental organization structure to support the company's continued growth. In response to the company's new product development and plant expansion plan, actively recruit professional talents and train successors. Strengthen education and training, including internal and external training, general knowledge education, special education, professional education and certification training. Also keep promoting academic upgrading programs, cooperate with universities and colleges to develop entrance program for students graduated from vocational school, and entrance examination registration program of vocational school or university for students who have equivalent qualifications of high school in order to keep the good employee and enhance the company's overall academic level.
- (2) As for the continuous promotion of the performance management system, the President's crew, "DynamicX iLearning", promoted the "Quantitative Performance of Team and Position" activity in March, 2018, all the members of the team work together to achieve goals and share the bonus brought by work performance. It is used to promote performance management downwards to the units and to individuals. The effects are obvious. The turnover rate, production efficiency and quality are all improved; thereby competitiveness is boosted by cost reduction.
- (3) Knowledge Management System Planning, a cross-factory platform within the scope of information confidentiality restrictions, knowledge sharing, no factory area or geographical restrictions, and has the classification and management functions for data searching. It is an important platform for the company's talent cultivation. The main tasks of the iLearning Committee are: to focus on the Group's product strategy, collect relevant technology knowledge and know-how, promote professional course training, and improve precision manufacturing capabilities. The knowledge management system is a cross-plant platform within the scope of information confidentiality. Knowledge sharing has no geographical limits. It has the function of classification and management of information search. The members of the iLearning Committee are committed to continuously enriching the

information of the knowledge management system. promoting the habit of using KM and the application of the database to the staff in each plant area, and carrying out activities such as good article recommendation and monthly employee interviews to establish a corporate knowledge sharing culture and increase the using rate of the knowledge management system, so that the knowledge in the database can play its role of learning and communication.

For the "3+4+5" Group development strategy technical database, we expand the technical data of HDI, HLC, HF, server, Netcom, Metaverse, storage, and automobile-related products every month, and promote internal education, training and assessment. Coupling with the improvement of the four precision process capabilities of the process technology department, the application function of the knowledge management system is continuously strengthened and brought into action.

- (4) Actively plans to surpass the competition of traditional industries and move towards a new generation of automation, intelligence and information. Utilize smart factory as the carrier, intellectualization of key manufacturing links as the core, and network interconnection as the support. These aspects are embodied in the deep integration of various links of the manufacturing process and the new generation of information technology, such as Internet of Things, big data, cloud computing, etc.
- (5) Continue to maintain the following systems staying certified such as occupational safety, environmental protection, energy and hazardous substances management; actively implement environmental friendly actions from 2022, plan to promote UL2799 zero landfill waste and ISO46001 water resource efficiency management system certification, and discuss climate change strategies in depth , Replacing old energy-consuming air-conditioning equipment and public facilities, changing the heating method of the process and heating demand to reduce energy consumption, changing the energy type of air-conditioning humidification and hot water in the living area to reduce direct greenhouse gas output, and actively plan solar power generation areas; strengthen water resource management and reuse to save water resource consumption; add high-efficiency waste gas treatment facilities to improve VOC removal efficiency, and continuously evaluate and set up waste liquid and waste treatment facilities that reduce high-concentration waste liquid and outgoing hazardous waste, and reuse recovered materials.
- (6) Work with our suppliers to promote various policies such as labor, health and safety, environment, ethics and management systems, and implement corporate social responsibility.

(B) Anticipated Sales Volume and its Basis

Based on the 2022 actual performance and 2023 annual forecast, comprehensively evaluate the company's advantages and market trends, and set the company's main directions for 2023:

1. Production capacity: According to the expansion of production capacity of Huangshi Plant, it is estimated that the overall sales area will increase by about 24%.
2. By technology types: including conventional board, HDI, high frequency-high speed board, thick copper board, Semi-flex board, etc.
3. By product application categories:
 - (1) Automotive PCB: The growth will come from advanced driver assistance systems (ADAS) and electric vehicles.
 - (2) Netcom & 5G-related: In response to the development of 5G, the demand for servers and Netcom-related increases.
 - (3) Storage devices: The demand for SSD and memory modules will increase.
 - (4) Display panel: Demand is stable and new display technologies will be ready for certification (OLED, mini-LED, QD-LED).
 - (5) Consumer electronics: mobile phone related products.
 - (6) Medical products: The demand stays stable. Striving for new sample approval.

(C) Critical Production Planning Policies

In the year 2023, in line with the needs of the market and customers, the following short/medium/long-term plans are set:

1. Short-term: Market demand is still affected by inflation, the Russian-Ukrainian war, interest rate hikes and the epidemic, which have caused a global economic recession, and there are still uncertainties. Plan well for order forecasts in advance, keep track of customer needs, transport timeliness and costs, and prepare for the full production of Kunshan Plant and Huangshi Plant I & II and the capacity expansion of HS Plant II.
2. Mid/long-term: Promote accurate manufacturing processes to improve production process capabilities, developing high-end, high-tech and high added-value products; schedule the advanced process development of Huangshi plant-Building B; and continue to enhance the strengths of automation and intelligence to reinforce Dynamic and its partners' competitiveness of Industry 4.0.

C. Impact on future development strategy by the external competitive environment, regulatory environment, and overall business environment

According to the IMF's January 2023 World Economic Outlook Update, global economic growth is projected to decline from an estimated 3.4 percent in 2022 to 2.9 percent in 2023 before rising to 3.1 percent in 2024. The central bank raised interest rates to curb inflation. Russia-Ukraine war continues to weigh on economic activity. The rapid spread of COVID-19 in China dampens growth in 2022, but reopening in early 2023 paves the way for a faster-than-expected recovery. Global inflation is projected to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024, but remains above pre-pandemic (2017-2019) levels of around 3.5%. It is crucial to strengthen multilateral cooperation to mitigate climate change by limiting carbon emissions and increasing green investment.

In terms of the regulatory environment, the newly revised laws and regulations in Taiwan in 2022 related to companies are: Statute for Industrial Innovation, Act for the Establishment and Administration of Technology Industrial Parks China's revised laws and regulations in 2022 include: Vocational Education Law, Futures and Derivatives Law, Anti-monopoly Law, Women's Rights and Interests Protection Law, Foreign Trade Law. We remain high-degree of cautious about the revision of laws, regulations and policies. Those related to the company's daily operation or long-term development will be evaluated and planned immediately and prudently, and incorporate them into the company's development strategy and make appropriate adjustment in the company's internal management measures in a timely manner.

Dynamic is striving to move forward through continuous innovation and reform. In the past 10 years, 2023 is the year when the whole vision is least visible. There are many uncertainties in the environment, but as long as we do not limit our potential and underestimate any work and detail, the connection and summation of the work performance that each of us strives to achieve turn into revenue and profit, and the company's resilience can be established through this to achieve sustainable capabilities. Let us join hands and work together to fight 2023!

Finally, I want to wish everyone health and safety for yourselves and your families.

A handwritten signature in black ink, appearing to read 'Ken Huang', with a stylized flourish at the end.

Ken Huang
Chairman

II. Company Introduction

A. Founding Date

August 18, 1988, with capital of NT\$12,000,000.

B. Company History

Year-Month	Company Development
1988.08	The company was established in Taoyuan County for paid-in capital of NT\$12,000,000.
1993.05	Passed the UL product safety specification verification
1996.11	Processed a cash capital increase of NT\$16,000,000 for paid-in capital of NT\$28,000,000.
1996.12	Passed the quality management system ISO 9002 verification.
1998.04	Processed a cash capital increase of NT\$70,000,000 for paid-in capital of NT\$98,000,000.
1997.12	Processed surplus transfer into a capital increase of NT\$40,000,000 for paid-in capital of NT\$138,000,000.
2001.12	Processed surplus transfer into a capital increase of NT\$110,400,000 and employee bonuses transfer into a capital increase of NT\$2,600,000 for paid-in capital of NT\$251,000,000.
2001.12	Reinvested and established subsidiary WINTEK(MAURITIUS) Co., Ltd.
2002.02	Indirectly reinvested and established Dynamic Electronics (KS) Co., Ltd.
2002.04	Processed cash capital increase of NT\$40,000,000; surplus transfer into capital increase of NT\$125,500,000; and employee bonuses transfer into capital increase of NT\$3,500,000 for paid-in capital of NT\$420,000,000.
2002.05	Passed the Automotive Industry Quality Management System QS9000 verification.
2002.05	Initial public offering on May 27, 2002.
2002.10	Officially registered in the emerging stock market and traded over the GreTai Securities Market.
2003.01	Reinvested in Germany to establish subsidiary Dynamic Electronics Europe GmbH in Germany.
2003.06	Processed surplus transfer into capital increase of NT\$126,000,000 and employee bonuses transfer into capital increase of NT\$14,000,000 for paid-in capital of NT\$560,000,000.
2003.10	Kunshan plant officially began mass production and delivering shipments.
2003.10	Purchased the factory land and other buildings located on Shanying Road.
2003.06	Ranked number 649 among the top 1000 largest plants in the manufacturing industry by CommonWealth Magazine in 2003.
2003.07	Passed Environmental Management System ISO14001 Verification.
2004.09	Passed the Quality Management System ISO9000 Verification.
2004.09	Passed the Automotive Industry Quality Management System TS16949 Verification when the Kunshan plant began producing automotive panels.
2004.10	Processed surplus transfer into capital increase of NT\$56,000,000 and employee bonuses transfer into capital increase of NT\$4,000,000 for paid-in capital of NT\$620,000,000.
2004.11	Transferred capital reserve into capital increase of NT\$30,000,000 with the capital of NT\$650,000,000.
2005.01	Processed the cash capital increase of NT\$150,000,000 for paid-in capital of NT\$800,000,000.

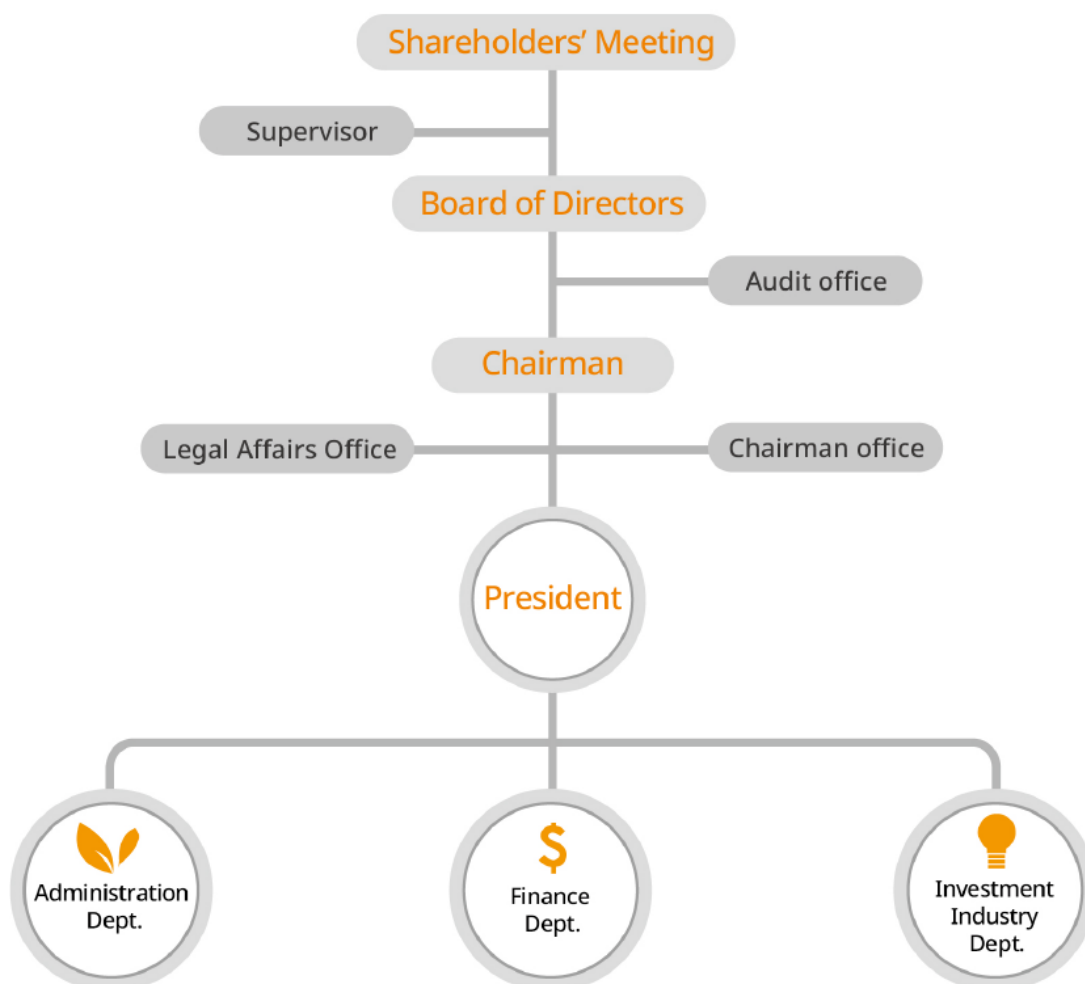
2005.05	Ranked number 392 among the top 10,000 largest plants in the manufacturing industry by CommonWealth Magazine in 2004; and considered as one of the 38 fastest growing companies in the manufacturing industry.
2005.06	Obtained ASUS Green Product GA Verification.
2005.08	Processed surplus transfer into capital increase of NT\$224,000,000 and employee bonuses transfer into capital increase of NT\$11,632,000 for paid-in capital of NT\$1,035,632,000.
2005.09	Obtained the LG Love Green Certification.
2005.09	Reinvested in Japan and established subsidiary Dynamic Electronics Japan.
2006.11	Processed the cash capital increase of NT\$176,000,000 with the paid-up capital of NT\$1,211,632,000.
2006.09	Processed surplus transfer into capital increase of NT\$363,490,000 and employee bonuses transfer into capital increase of NT\$30,377,000 for paid-in capital of NT\$1,605,499,000.
2006.10	Processed the cash capital increase of NT\$168,750,000 with the paid-up capital of NT\$1,774,249,000.
2006.12	Taoyuan plant began production for high density interconnect panels.
2007.02	Obtained SONY Green Partner Certification.
2007.06	Withdrew subsidiary Dynamic Electronics Japan.
2006.10	Passed the Hazardous Substance Process Management System QC080000 Certification.
2007.10	Processed surplus transfer into capital increase of NT\$354,850,000 and employee bonuses transfer into capital increase of NT\$22,841,000 for paid-in capital of NT\$2,151,940,000.
2007.12	Indirectly reinvested and established Dynamic Electronics (Xiamen) Co., Ltd.
2008.01	Reinvested and established subsidiary Dynamic PCB Electronics Co., Ltd., in Seychelles.
2008.05	Ranked number 246 among the 1000 largest plants in the manufacturing industry by CommonWealth Magazine in 2007.
2008.10	Processed surplus transfer into capital increase of NT\$215,194,000 and employee bonuses transfer into capital increase of NT\$17,543,000 for paid-in capital of NT\$2,384,678,000.
2008.10	Indirectly reinvested and established Kunshan Tybrake Industry Co., Ltd. and Kunshan BaoYing Electronics Technology Co., Ltd.
2009.03	Listed on the Taiwan Stock Exchange and processed the cash capital increase of NT\$23,000,000 with the paid-up capital of NT\$2,614,678,000.
2009.04	Reinvested in Abon Touchsystems Inc.
2009.06	Kunshan plant began production of high density interconnect panels.
2009.11	Passed work safety performance approval by the Council of Labor Affairs.
2009.12	Sold the indirectly reinvested Kunshan Tybrake Industry Co., Ltd. and Kunshan BaoYing Electronics Technology Co., Ltd.
2010.02	Passed ISO 14064-1 Greenhouse Gas Verification.
2010.03	Passed Occupational Health and Safety Management System OHSAS 18001 Verification.
2010.08	Issued the first domestic unsecured convertible bonds in the amount of NT\$900,000,000.
2011.08	Processed surplus transfer into capital increase of NT\$236,507,000 with the paid-up capital of NT\$2,864,360,000.

2011.12	Taoyuan plant began producing rigid-flex board products.
2012.06	Taoyuan plant began production for 12L any-layer high density interconnect panels.
2012.11	Processed surplus transfer into capital increase of NT\$71,234,000 with the paid-up capital of NT\$2,935,594,000.
2013.02	Disposed of 100% equity of the indirectly reinvested company Tybrake Industry (Xiamen) Co., Ltd.
2013.07	Processed treasury shares capital reduction of NT\$60,000,000 for paid-in capital of NT\$2,875,594,000.
2013.12	Kunying Electron (Kunshan) Co., Ltd. is renamed as Dynamic Electronics (Kunshan) Co., Ltd.
2013.12	Processed treasury shares capital reduction of NT\$15,000,000 for paid-in capital of NT\$2,860,594,000.
2014.10	Reinvested and established subsidiary Dynamic Electronics Co., Ltd., in Seychelles.
2014.11	Passed Energy Management System ISO50001 Verification.
2014.12	Issued the first Corporate Social Responsibility Report that conformed to the GRI G4 and AA1000 first category moderate level assurance grade requirements.
2014.12	Change the company address from Taoyuan County Guishan Township to Taoyuan City Guishan district in response to the administrative zone changes.
2015.01	Reinvested and established subsidiary Dynamic Electronics Holding Pte. Ltd., in Singapore.
2015.01	Reinvested and established subsidiary Dynamic Electronics Trading Pte. Ltd., in Singapore.
2015.11	Indirect investment in Sub-subsidiary company: Dynamic Electronics (Huangshi) Limited, which located in mainland China.
2015.11	Processed treasury shares capital reduction of NT\$50,000,000 for paid-in capital of NT\$2,810,594,000.
2016.03	Disposal of Abon Touchsystems Inc.
2017.01	Liquidation with Dynamic Electronics Europe GmbH, the German subsidiary.
2017.05	In the third corporate governance assessment, Dynamic was honored to rank top 5% among all listed companies.
2017.09	Official mass-production and shipment by Huangshi Plant.
2018. 09	Passed Automotive Quality Management System IATF16949 certification.
2018.11	Taoyuan Plant and Kunshan plant passed the AS9100D Aerospace Quality Management System Certification.
2019.08	In conjunction with the Group's production line consolidation, the production capacity of Taoyuan Plant was transferred to the overseas factories. The Taoyuan Operation Headquarters is fully devoted to R&D, product technology and Group's orders etc. businesses.
2019.08	Kunshan plant passed the ISO13485 Medical Devices Quality Management System Certification.
2019.10	Taoyuan plant is sold.
2020.01	The operating headquarters relocated to the 6th floor, No. 50, Minquan Road, Luzhu District, Taoyuan City.
2020.06	Implementing cash capital increase of NTD 300,000,000. The paid-in capital was NTD 3,110,594,000.
2020.11	Implementing capital reduction to make up for the loss of NTD 335,453,000. The paid-in capital was NTD 2,775,141,000.
2021.01	Huangshi plant starts production of HDI

2021.03	Passed the ISO45001 certification of occupational safety and health management system.
2021.05	Issued the second domestic unsecured convertible bond NTD500 million
2022.01	New shares were issued through the conversion of corporate bonds, and the paid-in capital was NTD2,775,183,610.
2022.01	Passed the ISO27001 certification of information security management system.
2022.03	Acquired 70% equity each of Chianan Tech. Corp. and Cheng Chong Technology Co., Ltd.
2022.05	On May 20th, 2022, it was resolved at a shareholder's meeting to establish Dynamic Holding Co., Ltd. by way of share conversion. The company applied for stock listing and trading in accordance with relevant regulations.
2022.08	New shares were issued through the conversion of corporate bonds, and the paid-in capital was NT\$2,775,489,340.
2022.08	Approved by the Taiwan Stock Exchange on June 23, 2022, Dynamic Electronics Co., Ltd. terminated its stock listing and trading on August 25 of the same year. Starting from the same day, it was replaced by Dynamic Holding Co., Ltd. for stock listing and trading, with the industry category listed as "Electronic Components" and the stock code as "3715."
2022.10	Our subsidiary, Dynamic Electronics (Huanshi) Co., Ltd., has acquired the land required for expanding its investment in Thailand.
2022.10	At the first extraordinary meeting of shareholders in 2022, it was resolved to approve the first public issuance of RMB common stock (A shares) by our subsidiary, Dynamic Electronics (Huanshi) Co., Ltd., and to apply for listing on the securities exchange in mainland China.
2022.12	Our subsidiary, Dynamic Electronics (Huanshi) Co., Ltd., has been restructured into a joint stock limited company and renamed as Dynamic Electronics (Huanshi) Co., Ltd.
2022.02	Our subsidiary, Dynamic Electronics (Huanshi) Co., Ltd., was has renamed as Dynamic Electronics Co., Ltd.

III. Corporate Governance

A. Organization System (A) Organization structure



(B) Primary Operational Departments

Unit by Rank					Responsibility and in Charge of
Shareholders' Meeting					1. Top decision-making unit of the Company. 2. Exercising powers in accordance with the provisions of Company Act.
	Board of Directors				1. Exercising powers in accordance with the resolutions of the shareholders' meeting and the provisions of the articles of association. 2. Exercising powers in accordance with the provisions of the Company Law and other relevant laws and regulations. 3. The highest decision-making unit of the Company most of the time.

Unit by Rank					Responsibility and in Charge of
		Chairman			<ol style="list-style-type: none"> 1. The Chairman of the shareholders meeting and the board of directors. Representing the company externally. 2. Exercising power in the Company within the scope authorized by the board of directors. 3. Examination or approval for various investment and financing activities. 4. Approval of bank payment and payment voucher.
		Auditing Office			<ol style="list-style-type: none"> 1. Assist the board of directors and managers to check and review the deficiencies of the internal control system and measure the effectiveness and efficiency of operations. 2. Assist managers to establish various internal control systems and management measures of the Company.
		Legal Office			<ol style="list-style-type: none"> 1. Formulation or verification of various contracts. 2. Contact window for consulting on various internal and external legal matters. 3. Responsible for the formulation and supervision of the company's integrity management policy and prevention plan, and report to the board of directors on a regular basis.
			President		<ol style="list-style-type: none"> 1. Plan the guidelines, strategies, plans, goal formulation, implementation and review of the company's long-term, medium-term and short-term operations. 2. Implement ESG planning and practice. 3. Manage affairs for the company and represent the company within the scope authorized by the company's articles of association or contract. 4. All other tasks shall be subject to the level of authority table.
				Investment Business Unit	<ol style="list-style-type: none"> 1. Assist in the establishment of financial management, legal compliance, and risk management mechanisms for the reinvestment business. 2. Project planning and execution.
				Financial department	<ol style="list-style-type: none"> 1. Establish accounting system, internal control system and SOP 2. Tax planning and assisting accountants in tax/financial verification certification 3. Budget compilation, review and implementation analysis 4. Fund planning for the three places across the Taiwan Strait 5. Derivative Commodity Operations 6. Supervise the financial and accounting business of subsidiaries.
				Administration department	<ol style="list-style-type: none"> 1. Analysis of company organization, job function and division of authorities and responsibilities. 2. Execution of various personnel and salary operations. 3. Management of general affairs related matters 4. Planning and supervision of labor safety and health affairs. 5. Employee health management planning and implementation.

B. Information pertaining to the Directors, Supervisors, President, VP, AVP, and Supervisors in each department and branch office

(A) Directors and Supervisors

1. Information on the Directors and Supervisors (I)

(1) Relevant Information and numbers of share held of the Directors and Supervisors

Mar. 20, 2023; Unit: Shares

Title	Nationality or Registered in	Name	Gender/ Age	Assumed office on	Duration of role	First elected on	Shares held when elected		Presently hold		Spouse, minor offspring presently hold		Shares held under others' names		Primary experience/ education	Other offices held in the Company or other companies	Supervisory or director roles held by spouse or other closely-relatives holding		
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship
Chairman	Taiwan, R.O.C.	Ken Huang	Male/ 41-50	2022.05.20	3 years	2022.08.25	11,162,071	4.02%	11,162,071	4.02%	185,736	0.07%	0	0.00%	EMBA of National Chengchi University VP of Sales and Marketing Div. at Dynamic Electronics Co., Ltd.	Chairman at Wintek (Mauritius) Co., Ltd. Executive Director and President at Dynamic Electronics (Kunshan) Co., Ltd. Chairman and President at Dynamic Electronics Co., Ltd. Chairman at Dynamic PCB Electronics Co., Ltd. Chairman at Dynamic Electronics Co., Ltd. (Seychelles) Chairman at Dynamic Electronics Overseas Investment Holding Pte. Ltd. Chairman at Dynamic Electronics Holding Pte. Ltd.	None	None	None
Corporate Director	Taiwan, R.O.C.	Hung-Li Investments Co. Ltd.		2022.05.20	3 years	2022.08.25	9,497,735	3.42%	9,497,735	3.42%	-	-	-	-	-	-	-	-	-

Title	Nationality or Registered in	Name	Gender/ Age	Assumed office on	Duration of role	First elected on	Shares held when elected		Presently hold		Spouse, minor offspring presently hold		Shares held under others' names		Primary experience/ education	Other offices held in the Company or other companies	Supervisory or director roles held by spouse or other closely-relatives holding		
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship
Corporate Director Representative	Taiwan, R.O.C.	Bill Nee	Male/ 61-70	2022.05.20	3 years	2022.08.25	305,217	0.11%	305,217	0.11%	71,898	0.03%	0	0.00%	Chemical Engineering Dept., Chung Yuan University AVP, HongShen, Foxconn Technology Group VP, Tripod (Wuxi) Technology Corp. VP, APCB (Thailand)	Plant President of Dynamic Electronics Co., Ltd.	None	None	None
Corporate Director	Taiwan, R.O.C.	Ming-Ji Investments Co. Ltd.		2022.05.20	3 years	2022.08.25	2,976,037	1.07%	2,976,037	1.07%	-	-	-	-	-	-	-	-	-
Corporate Director Representative	Taiwan, R.O.C.	Yuan-chun Sun	Male/ 51-60	2022.05.20	3 years	2022.08.25	511	0.00%	511	0.00%	0	0.00%	0	0.00%	Department of Statistics, National Chengchi University Director of PAL WONN (TAIWAN) CO., LTD. Consultant of PAL WONN (TAIWAN) CO., LTD.	Finance Manager of Jain Shin Electronic Co., Ltd.	None	None	None

Title	Nationality or Registered in	Name	Gender/ Age	Assumed office on	Duration of role	First elected on	Shares held when elected		Presently hold		Spouse, minor offspring presently hold		Shares held under others' names		Primary experience/ education	Other offices held in the Company or other companies	Supervisory or director roles held by spouse or other closely-relatives holding		
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship
Director	Taiwan, R.O.C.	Heng-yih Liu	Male/ 51-60	2022.05.20	3 years	2022.08.25	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD in International Business Division of National Taiwan University Independent Director at Gudeng Precision Co., Ltd. Independent Director at Dynamic Electronics Co., Ltd.	Full-time Associate Professor, International Business Studies Group of College of Management, Yuan Ze University Independent Director at Leofoo Development Co., Ltd. Independent Director at Wha Yu Industrial Co., Ltd. Independent Director at TST Group-KY	None	None	None
Director	Taiwan, R.O.C.	Jonathan Lin	Male/ 51-60	2022.05.20	3 years	2022.08.25	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master for Eminent Public Administrators, National Chengchi University Director of Dynamic Electronics Co., Ltd.	Financial Supervisor of ZILLTEK TECHNOLOGY CORP. Independent director of EIKEI GROUP (CAYMAN) CO., LTD.	None	None	None
Supervisor	Taiwan, R.O.C.	Eric Chen	Male/ 41-50	2022.05.20	3 years	2022.08.25	1,104,775	0.40%	1,104,775	0.40%	382,221	0.14%	0	0.00%	University of Notre Dame Business Administration Lu- Chang Group	Director of Triple H Capital Ltd. Chairman of QUAN WEI CORP.	None	None	None

Title	Nationality or Registered in	Name	Gender/ Age	Assumed office on	Duration of role	First elected on	Shares held when elected		Presently hold		Spouse, minor offspring presently hold		Shares held under others' names		Primary experience/ education	Other offices held in the Company or other companies	Supervisory or director roles held by spouse or other closely-relatives holding		
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship
Supervisor	Taiwan, R.O.C.	Anna Chen	Male/ 61-70	2022.05.20	3 years	2022.08.25	774,815	0.28%	774,815	0.28%	963,542	0.35%	0	0.00%	National Bei-Gang Senior High School, PKSH Accounting and statistic Dept. Purchasing business of HSING CHIEH CHAIN ENTERPRISE CO., LTD.	Purchasing and export of JAIN SHIN ELECTRONIC CO., LTD	None	None	None
Supervisor	Taiwan, R.O.C.	Martin Lin	Female/ 71-80	2022.05.20	3 years	2022.08.25	410,000	0.15%	866,000	0.31%	0	0.00%	0	0.00%	Kainan High School of Commerce and industry – Construction division	President of Yijian Construction Co., Ltd.	None	None	None

Note 1: On May 20, 2022, Dynamic Electronics held a general meeting of shareholders and established a new company "Dynamic Holding Co., Ltd." through means of Share Swap. According to Article 29 of Business Mergers and Acquisitions Act, the shareholder meeting was regarded as a promoter meeting of the newly established Dynamic Holding, so that the shareholders of Dynamic Electronics could discuss and decide to formulate the Articles of Association of Dynamic Holding in the capacity of Promoter, and at the same time elect Dynamic Holding's five directors and three supervisors. On August 25, 2022, Dynamic Holdings obtained the approval of the Ministry of Economic Affairs for company establishment registration.

(2) The major shareholders of the legal person shareholders

Mar. 20, 2023

Corporate Shareholder Name	Controlling shareholders of Corporate Shareholders	
	Shareholders	Shareholding ratio %
Hung-Li Investment Co., Ltd.	Perfect Advance Limited	100.00%
Chien-Hung Investment Co. Ltd.	Li-Hsien Tsan	100.00%
Ming-Ji Investment Co., Ltd.	Hsiu-Chin Chen	67.69%
	Ming-Yu Ko	23.07%
	Chien-Yu Ko	4.62%
	Hsiang-Ting Ko	4.62%

(3) The major shareholder in the above table is a legal person

Corporate Name	Controlling shareholders of Corporate	
	Shareholders	Shareholding ratio %
Perfect Advance Limited	Top Insight Limited	100.00%

2. Information on the Directors and Supervisors (II)

(1) Disclosure of professional qualifications and independence of directors and supervisors:

Criteria Name	Professional Qualifications and Experiences	Independence Situation	Number of other public-listed companies that the individual serves as independent director
Ken Huang (Chairman)	National Chengchi University Master of Business Administration (EMBA). Joined Dynamic Group in May 2000 and was promoted to Chairman in September 2012. Specialized in the business operation and practice of the technology industry, equipped with the ability and insight of strategic planning, business, marketing, operation planning, industrial development and technology application.	1. Serves as the chairman of the company's affiliated companies. 2. The majority shareholder as natural person of the company. 3. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	0
Bill Nee (Representative of Corporate Director)	Bachelor of Chemical Engineering from Chung Yuan Christian University. Used to work as the assistant manager of HUNG SHENG ELECTRIC INTEGRATION TECHNOLOGY CO., LTD. under Foxconn, the vice president of Tripod (Wuxi) Electronics Co., Ltd., and the deputy general manager of APCB (Thailand). Joined Dynamic Group in April 2015 as the general manager of Huangshi Plant, and has worked in PCB industry for more than 30 years. In the role of a manager on the board of directors, he communicates and interacts with all directors on business management strategies, puts forward relevant business management opinions, and possesses strong planning and execution capabilities as well as risk management and control capabilities.	1. The representative of the corporate director of Hung-Li Investment of the Company. 2. Plant President of Dynamic Electronic Co., Ltd. 3. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	0

Yuan-chun Sun (Representative of Corporate Director)	Department of Statistics, National Chengchi University. Familiar with the development of PCB industry, and specialized in investment management, accounting information and financial analysis and planning.	1. The representative of the corporate director of Ming-Ji Investment of the Company. 2. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	0
Heng-yih Liu (Director)	PhD in International Business Division of National Taiwan University. Currently a full-time Associate Professor of International Business Studies Group of College of Management, Yuan Ze University. Specializes in corporate governance, strategy and risk planning, and industry trend analysis. Used to be Independent Director at Gudeng Precision Co., Ltd. and Dynamic Electronics Co., Ltd. Currently the Independent Director at Leofoo Development Co., Ltd., Wha Yu Industrial Co., Ltd. and TST Group-KY	1. Director of the Company. 2. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	3
Jonathan Lin (Director)	Master of Eminent Public Administrators, National Chengchi University. Currently working as a financial supervisor of Zilltek Technology. Specializes in the overall control of capital budget operations and the formulation of company financial investment plans. Serves as the director of corporate governance and participates in the company's formulation of sustainable management policies and implementation of the risk management committee. He used to be a director of Dynamic Electronics Co., Ltd., and is currently an independent director of EIKEI GROUP (CAYMAN) CO., LTD.	1. Director of the Company. 2. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	1
Eric Chen (Supervisor)	University of Notre Dame Business Administration. Currently serves as a director of Triple H Capital Ltd. and Chairman of QUAN WEI CORP. Specializes in industry trend analysis and investor relations.	1. Supervisor of the Company. 2. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	0
Anna Chen (Supervisor)	National Bei-Gang Senior High School, PKSH Accounting and statistic Dept. Purchasing business of HSING CHIEH CHAIN ENTERPRISE CO., LTD. Currently serves in purchasing and export of JAIN SHIN ELECTRONIC CO., LTD. Specializes in financial accounting and business management	1. Supervisor of the Company. 2. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	0
Martin Lin (Supervisor)	Kainan High School of Commerce and industry – Construction division. Currently serves as the President of Yijian Construction Co., Ltd. Specializes in leadership decision-making and strategic planning.	1. Supervisor of the Company. 2. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	0

Note: All directors and supervisors of the company have not been found to be involved in any of the provisions of Article 30 of the Company Act.

(2) Diversity and independence of the board of directors

(A) Board Diversity

According to Article 20 of the Company's Corporate Governance Best Practice Principles and Article 2 of Procedures for Election of Directors, the abilities that the overall board of directors should have include: operational judgment ability, accounting and financial analysis ability, business management ability, crisis handling ability, industry knowledge, International market vision, leadership and decision-making skills. Diversity should be considered in the composition of the board of directors, and a policy for diversification of directors should be drawn up based on the needs of the company's operations, business models, and future development trends, including basic conditions and values (gender, age, nationality, and culture), professional knowledge, and skills, such as Law, Accounting, Industry, Finance, Marketing or Technology etc. The specific management objectives and achievement of the company's diversification policy are as follows:

- (a) Current situation: Dynamic Holding was established on August 25, 2022 and is not yet able to elect independent directors. The current board of directors is composed of five directors with rich business experience or academic experience, and three supervisors, including a female Supervisors. The basic qualification, professional knowledge, skills and industrial experience of each supervisor are shown in the table below.
- (b) Management objectives: more than half of the independent directors, at least one of them is female, and there must be independent directors with expertise in technology management, strategy, law, accounting, information technology and corporate governance.
- (c) Implementation situation: It is expected that the board of directors to be fully re-elected in May 2023. Seven directors will be nominated, including four independent directors. And other experts are independent directors to achieve the set goals.
- (d) Future goals: Continue to increase the number of female directors and directors with ESG expertise.

The Company's implementation of the diversity of board members in 2022 is as follows:

Director/ Supervisor	Name	Nationality	Gender	Concurrently served as an employee of the Company	Age (years old)	Operation management	Leadership / Decision making	Finance / Accounting	Strategy and Risk assessment	Industrial trend analysis	Industrial technology development
Director	Ken Huang	ROC	Male	√	40-50	√	√	√	√	√	√
Director	Bill Nee	ROC	Male	√	Above 50	√	√	√	√	√	√
Director	Daniel Sun	ROC	Male	√	Above 50	√	√	√	√	√	√
Director	Gordon Liu	ROC	Male	√	Above 50	√	√	√	√	√	√
Director	Jonathan Lin	ROC	Male	√	Above 50	√	√	√	√	√	√
Supervisor	Eric Chen	ROC	Male	√	40-50	√	√	√	√	√	√
Supervisor	Anna Chen	ROC	Female	√	Above 50	√	√	√	√	√	√
Supervisor	Martin Lin	ROC	Male	√	Above 50	√	√	√	√	√	√

(B) Board independence

None of the members of the board of directors is involved in any of the conditions stipulated in Article 30 of the Company Act; none of the members of the board of directors is within the relationship of spouse or second degree relatives, and there is no relationship between the supervisor or between the supervisor and the director. Therefore, there is no circumstance specified in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act. The Company was established on August 25, 2022. It is not yet able to elect independent directors. It is expected that the board of directors will be fully re-elected in May 2023. Seven directors will be nominated, including four independent directors.

(B) President, VP, AVP, and departmental and branch office supervisors

Mar. 20, 2023

Title	Nationality	Name	Gender	Assumed office on	Shares held		Shares held by spouse or minor children		Shares held under others' names		Primary experiences/education	Offices presently held in other companies	Managers who are spouses or second-relation relatives			Remark
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
President and Corporate Governance Director	Taiwan R.O.C.	Jean Liu	female	111.08.25	641,514	0.23%	0	0.00%	0	0.00%	Economics Dept., Fujen Catholic University EMBA at CEIBS Overseas Div. II, Tatung Co. Sales Director, Suzhou Gold Circuit Sales Director, Tripod (Wuxi) Technology Corp.	Director of Dynamic Electronics Co., Ltd. Supervisor at Dynamic Electronics (Kunshan) Co., Ltd. Director at Dynamic Electronics Overseas Investment Holding Pte. Ltd. Director at Dynamic Electronics Holding Pte. Ltd.	None	None	None	
VP	Taiwan R.O.C.	Lily Chiang	female	111.08.25	284,903	0.10%	0	0.00%	0	0.00%	National Taichung University of Science and Technology Finance Manager, Iteq Corporation AVP, Finance Dept., Unipus Electronics Co., Ltd.	Director at Dynamic Electronics Overseas Investment Holding Pte. Ltd. Director at Dynamic Electronics Holding Pte. Ltd. Supervisor of CHIANAN TECHNOLOGY CO. LTD. Supervisor of CHENG CHONG TECHNOLOGY CO., LTD.	None	None	None	Note. 1
Financial & Accounting Director	Taiwan R.O.C.	Cathy Ni	female	111.08.25	153,493	0.06%	0	0.00%	0	0.00%	Ming Chuan University Accounting Department Assistant manager of KPMG Head of financial dept. of FirstMed Manager of Financial Dept. of (Kindom Group) Global Mall	None	None	None	None	Note 1
Auditing Director	Taiwan R.O.C.	Angel Tsai	female	111.08.25	10,290	0.00%	0	0.00%	0	0.00%	Bachelor in International Corporate Management, Ching Yun University of Science and Technology Auditor at Wang Chiu-Hui Accounting Firm Department Section Chief of Accounting, Overseas Investment and Project Manager at Albatron Technology Co., Ltd. Senior Accountant, MJ Life Enterprise, Ltd.	None	None	None	None	

C. Compensation for the Directors, Supervisors, President, and VPs for this fiscal year
(A) Compensation for Directors (A summarized disclosure of names by grade levels)

Unit: NTD thousands

Title	Name (note 1)	Directors' compensation								% of sum of A,B,C, and D in the total net income (note 10)		Related compensation for directors who also serve as employees								% of sum of A, B, C, D, E, F, and G in the total net income (note 10)		Received reinvestm ent remunera tion from outside of subsidiari es or parent company (note 11)
		Compensation (A) (note 2)		Pension (B)		Remuneration (C) (note 3)		Business-associ ated expenditure (D) (note 4)				Salary, bonus, and special fees (E) (note 5)		Pension (F)		Staff Remuneration (G) (note 6)						
		The Compa ny	All compa nies in the financia l statem ent (note 7)	The Compa ny	All compan ies in the financia l stateme nt (note 7)	The Compa ny	All compa nies in the financia l statem ent (note 7)	The Compa ny	All compa nies in the financia l statem ent (note 7)	The Company	All compan ies in the financia l stateme nt (note 7)	The Company	All compan ies in the financia l statem ent (note 7)	The Company		All companies in the financial statement (note 7)		The Company	All compan ies in the financia l stateme nt (note 7)			
													Cash amount	Share amount	Cash amount	Share amount						
Chairman	Ken Huang	360	360	0	0	2,508	2,508	20	20	0.53%	0.53%	915	3,127	27	36	0	0	0	0	3,830 0.70%	6,051 1.11%	none
Corporate Director	Hung-Li Investment Co., Ltd.																					
	Bill Nee																					
Corporate Director	Ming-Ji Investments Co., Ltd.																					
	Yuan-chun Sun																					
Director	Heng-yih Liu																					
Director	Jonathan Lin																					

- Please state the remuneration policy, system, standards and structure of independent directors, and describe the relevance with the amount of remuneration according to the responsibilities, risks, time invested and other factors: The company was established on August 25, 2022 in accordance with Article 29 of the Enterprise Merger and Acquisition Law, and it is not yet possible to elect independent directors.
- In addition to the disclosures in the above table, the directors of the company in the most recent year have received remuneration for providing services to all companies in the financial report (such as serving as non-employee consultants): none
- The above remuneration is calculated since the establishment of the company on August 25, 2022.

Compensation Levels

Level of remuneration paid to each Director of The Company (NTD)	Names of Director			
	The total amount of the first four remunerations (A+B+C+D)		The total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial report H	The Company	All companies included in the financial report I
Below 1,000,000	Heng-yih Liu, Jonathan Lin, Ming-Ji Investment Co., Ltd., Yuan-chun Sun, Bill Nee	Heng-yih Liu, Jonathan Lin, Ming-Ji Investment Co., Ltd., Yuan-chun Sun, Bill Nee	Heng-yih Liu, Jonathan Lin, Ming-Ji Investment Co., Ltd., Yuan-chun Sun, Bill Nee	Heng-yih Liu, Jonathan Lin, Ming-Ji Investment Co., Ltd., Yuan-chun Sun
1,000,000 (inclusive) - 2,000,000	Ken Huang, Hung-Li Investments Co., Ltd.	Ken Huang, Hung-Li Investments Co., Ltd.	Hung-Li Investments Co., Ltd.	Bill Nee, Hung-Li Investments Co., Ltd.
2,000,000 (inclusive) - 3,500,000	-	-	Ken Huang	Ken Huang
Total	7 people	7 people	7 people	7 people

Note 1: The names of directors should be listed separately (corporate shareholder should list the name of the corporate shareholder and its representative separately). General directors and independent directors should be listed separately, and the payment amount should be disclosed in a summary manner.

Note 2: This refers to directors' compensation (including director's salary, bonuses associated with paygrade, severance pay, various bonuses and incentives etc.) for the most recent fiscal year.

Note 3: This refers to the amount of remuneration for directors given, as agreed upon by the Board of Directors for the most recent fiscal year.

Note 4: This refers to the directors' business-associated expenditures for the most recent fiscal year (including material incentives such as transportation fees, special expenses, various allowances, boarding, and company cars etc.). If housing, cars and other methods of transportation, or customized individual spending are offered, the characteristics of the assets offered and costs, real or fair market value of rental expenses, gas, and other payments should be disclosed. If chauffeur is offered to the directors, the associated fees paid to the chauffeur by the company should be noted, but this should not be counted within the remunerations.

Note 5: This refers to the material incentives including salaries, bonuses associated with paygrade, severance pay, various bonuses, incentives, transportation fees, special expenses, various allowances, boarding, and company cars etc. that have been endowed on the directors and those who also serve as employees (including serving as President, VP, other managers and staff) for the most recent fiscal year. If housing, cars, and other methods of transportation, or customized individual spending are offered, the characteristics of the assets offered and costs, real or fair market value of rental expenses, gas, and other payments should be disclosed. If chauffeur is offered to the directors, the associated fees paid to the chauffeur by the company should be noted, but this should not be counted within the remunerations. And the listed salary costs of IFRS2 "share-based payment", including the acquisition of employee stock option certificate, New Restricted Employee Shares and participation in subscription to an increase in capital stock, etc., should also be included in the remuneration.

Note 6: This refers to those directors who also serve as employees (including serving as President, VPs, other managers and staff) and have received employee remuneration (including shares and cash), should disclose the remuneration amount to be paid to the employees that has been agreed upon by the Board of Directors for the most recent fiscal year.

Note 7: The total amount paid to directors of The Company as various forms of incentives, from all companies (including The Company) included in this report should be disclosed in its entirety.

Note 8: The Company will disclose the names of directors according to their ranks for having paid each director the sum of various forms of incentives.

Note 9: The total amount of various forms of incentives paid by all companies in this report (including The Company) to each director of The Company should be disclosed in its entirety, and disclose the names of directors according to their ranks.

Note 10: Net income refers to the net income of the most recent fiscal year. The IFRS reporting method has been adapted, and net income means the net income of an individual or separate financial report in the most recent year.

Note 11: a. This column should clearly include the amount of remuneration given for reinvestment-related business that has been received by a director of The Company from outside of subsidiaries or parent company. (If no, please fill in "none".)

b. If a company director has received remuneration for reinvestment-related business from outside of subsidiaries or parent company, the amount received under this category should be included in the I column of the compensation table, and revise the column to show "parent company and all reinvestment businesses".

c. Remuneration refers to the compensation, incentives, staff dividends, and business-related expenses that have been incurred by the directors of The Company, when they have served as a director, supervisor, or manager for the reinvestment businesses outside the company's subsidiaries or parent company.

Note 12: The compensation that the company paid the chairman's driver in 2022 is NT\$233,300 (2022/08/25-2022/12/31)

Note 13: Estimated based on the employee remuneration (cash) of NT\$2,619,000 and director's remuneration (cash) of NT\$2,508,290 approved by the board of directors on March 15, 2023, the actual payment is based on the approval of the Remuneration Committee and the Board of Directors.

* The content of the compensation as disclosed in this report is different from the concept of income tax. Hence, this table is solely for the purpose of information disclosure, and not for tax filing purposes.

(B) Compensation for Supervisors (A summarized disclosure of names by grade levels)

Unit: NTD thousands

Title	Name	Salary (A)		Pension (B)		Bonus and special expenses etc.(C)		% of sum of A, B and C on the net income		Received reinvestment remuneration from outside of subsidiaries or parent company
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	
Supervisor	Eric Chen	540	540	0	0	30	30	570 0.10%	570 0.10%	無
Supervisor	Anna Chen									
Supervisor	Martin Lin									

The above remuneration is calculated since the establishment of the company on August 25, 2022.

Compensation Levels

Level of remuneration paid to each supervisor of The Company (NTD)	Names of Supervisor	
	The total amount of the first three remunerations (A+B+C)	
	The Company	All companies included in the financial report
Below 1,000,000 NTD	Eric Chen, Anna Chen, Martin Lin	Eric Chen, Anna Chen, Martin Lin
Total	3 people	3 people

(C) Compensation for President and VP (A summarized disclosure of names by grade levels)

Unit: NTD thousands

Title	Name (note 1)	Salary (A)		Pension (B)		Bonus and special expenses etc.(C)		Staff remuneration (D)				% of sum of A, B,C, and D on the net income		Received reinvestme nt remunerati on from outside of subsidiarie s or parent company
		The Company	All companie s in the financial statemen t	The Company	All companie s in the financial statemen t	The Company	All companie s in the financial statemen t	The Company		All companies in the financial statement		The Compa ny	All companies in the financial statement	
								Cash amoun t	Share amoun t	Cash amoun t	Share amount			
President	Jean Liu	1,355	1,355	72	72	0	0	1,204	0	1,204	0	2,630 0.48%	2,630 0.48%	None
VP	Lily Chiang													

*All positions equivalent to President or VP (for instance, Chairman, CEO, Director...etc.), should all be disclosed, regardless of titles.

*Estimated based on employee compensation approved by the board of directors on March 15, 2023.

*The above remuneration is calculated since the establishment of the company on August 25, 2022.

Compensation Levels

Level of remuneration paid to President and VP of The Company (NTD)	Names of President and VP	
	The total amount of the first four remunerations (A+B+C+D)	
	The Company	All companies included in the financial report
Below 1,000,000 NTD	-	-
1,000,000 (inclusive) - 2,000,000	Jean Liu, Lily Chiang	Jean Liu, Lily Chiang
Total	2 people	2 people

Names and status of managers who have been issued employee remuneration

Dec. 31, 2022; Unit: NTD thousands

	Title (note 1)	Name (note 1)	Amount of shares	Amount of cash	Total	% of total on the net income
Managers	President and Corporate Governance Supervisor	Jean Liu	0	1,597	1,597	0.29%
	VP	Lily Chiang				
	Accounting Supervisor	Cathy Ni				
	Audit Supervisor	Angel Tsai				

Note 1: Individual names and titles should be disclosed separately, but the remuneration distribution can be disclosed holistically.

Note 2: This refers to the amount of employee remuneration (including share and cash) that will be endowed on the managers, as agreed upon by the Board of Directors for the most recent fiscal year. If unable to estimate, this year's intended amount should be calculated based on last year's actual paid amount. Net income refers to the net income of the most recent fiscal year. The IFRS reporting method has been adapted, and net income means the net income of an individual or separate financial report in the most recent year.

Note 3: The scope of a manager, according to No. 0920001301 rule and regulation of the Taiwan Finance Certificate, contains the following: a) President and the equivalent; b) VP and the equivalent; c) AVP and the equivalent; d) Financial supervisor; e) Accounting supervisor; f) others who manage company affairs and have signature right.

Note 4: Estimated based on employee compensation approved by the board of directors on March 15, 2023.

3. The remuneration of the top five remunerated supervisors (Disclosure of each name and compensating method): not applicable

- (D) Compare and elaborate the analysis of the ratio on the total compensation paid to the Directors, President, and VPs from the Company and all companies in the consolidated financial statement to the after-tax net income of unconsolidated financial statement, and explain the remuneration policy, standard and combinations, procedures to dictate these remuneration, and the correlation to management performance and future risks

Unit: NTD thousands

Item Title	The Company		All the companies within the consolidated financial statement	
	2022		2022	
	Total amount	Ratio on net income	Total amount	Ratio on net income
Directors' compensation	3,830	0.70%	6,051	1.11%
Supervisors' compensation	570	0.10%	570	0.10%
President and VPs' compensation	2,630	0.48%	2,630	0.48%
Net income	547,237	547,237	547,237	547,237

* The above remuneration has been calculated since the establishment of the company on August 25, 2022, so there is no data for the previous year.

Explanation:

- Directors' remuneration: According to the "Articles of Association", the determination of directors' remuneration authorizes the board of directors to take into account the level of participation and contribution value of individual directors to the company's operations, and the industry standard.
In addition, if the company makes a profit in that year, it will allocate no more than 3% as the director's remuneration. The company regularly evaluates the director's remuneration in accordance with the "Methods of the Board of Directors Performance Evaluation". The reasonableness of directors' remuneration is reviewed by the Remuneration Committee and the Board of Directors.
- President and VP's Remuneration: Compensation includes salaries, bonuses, and employee profit-sharing. The remuneration committee established by the Board will set up initial figures depending on their titles and responsibilities, and set with reference to industry standards. They are implemented after attaining approval from the Board.
- Risk correlation: Managers' performance objectives all include "risk control" to ensure that possible risks within the scope of responsibility are managed and prevented, and the results of the rating based on actual performance are linked to relevant remuneration policies. The important decisions of the company's management are made after evaluating various risk factors, and the performance of the relevant decisions is reflected in the company's profitability, which is then linked to the remuneration of the management.
- The connection of the remuneration with the performance evaluation of the directors and managers:
 - (1) The company's directors' remuneration is based on the company's articles of association, and the remuneration committee considers the overall performance of the board of directors, the company's operating performance, the company's future operations and risks, and proposes a distribution proposal, which is submitted to the board of directors for resolution, and then based on individual directors' degree of operational participation and contribution is distributed to individual directors, and the actual payment amount is distributed according to the recommendations of the salary and compensation committee and the resolution of the board of directors.
 - (2) According to article 30 of the articles of association, if the company makes profit in the year, not less than one-thousandth of the profit should be allocated for employee compensation. The manager's remuneration includes salary and bonus. Salary amount refers to the level, titles, ranks, academic (economic) experience, professional ability and responsibilities etc. of the peers. The bonus is issued depends on the manager's performance evaluation, which includes the practice of the company's core values, the operation management ability, the achievement rate of financial indicators, continuous training, contribution to long-term sustainable operation, and other special contributions or major negative events, etc., and according to the salary and compensation committee's recommended distribution principle, then the chairman will give approval based on the actual performance.

D. Operations of Corporate Governance

(A) Information of Operations of Board of Directors

1. In the most recent fiscal year, the Board of Directors have held 7 meetings (A), and the attendance of the Directors are as follows:

Title	Name	Number of actual attendance (B)	Number of by proxy	Ratio of attendance [B/A]	Remarks
Director	Ken Huang	7	0	100.00	Elected at the Promoter meeting on May 20, 2022 and took office on August 25, 2022 after the establishment and registration of the company were approved by the Ministry of Economic Affairs.
Corporate Director	Hung-Li Investment Co., Ltd. Representative: Bill Nee	7	0	100.00	
Corporate Director	Ming-Ji Investment Co., Ltd. Representative: Yuan-chun Sun	7	0	100.00	
Director	Heng-yih Liu	7	0	100.00	
Director	Jonathan Lin	7	0	100.00	
Supervisor	Eric Chen	7	0	100.00	
Supervisor	Anna Chen	7	0	100.00	
Supervisor	Martin Lin	7	0	100.00	

Other items to be mentioned:

- If any of the following circumstances occurs while functioning the board of directors, the Board meeting date, the Board meeting term, the contents of the motion, the opinions of all independent directors and the follow-up to the opinions of the independent directors should be elaborated:
 - The matters listed in Article 14-3 of the Securities Exchange Act: The company was established on August 25, 2022 in accordance with Article 29 of the Business Mergers and Acquisitions Act, and it is not yet possible to elect independent directors. The items listed in Article 14-3 of the Securities and Exchange Act were passed unanimously by all directors present without objection or qualified opinions, and all supervisors were also present without any opinions.
 - Besides the above-mentioned matters, the resolutions by the board of directors that have been objected to or reserved with record or written statement by other independent director: As above, all other cases were unanimously passed by all directors present without objection or qualified opinions, and all supervisors were also present without opinions.
- The recusal of directors from the cases that pose a conflict of interest, should elaborate on the director's name, the content of the case, cause of the conflict of interest, and the status of the vote:
 - November 3, 2022 - The 5th board of directors meeting in 2022, case 5 for discussion: reviewing the salary and benefits of the change of executives personnel, and submitting it for deliberation. Resolution: Chairman Ken Huang recused himself from the discussion and the voting on the item because it was related to his own interests, and the acting chairman, Director Liu Hengyi, consulted the remaining directors present and passed it without objection. reviewing the remuneration of individual managers, after explaining their conflict of interest, they left for recusal. Acting Chairman Yi-chia Chiu, the independent director, consulted the remaining directors and had no objection, the case passed.
 - December 15, 2022 - The 7th board of directors meeting in 2022, case 13 for discussion: the review of various salary and remuneration projects to be implemented by the company in 2023, submitted for deliberation. Resolution: Chairman Ken Huang was concerned with his own interests and recused himself from discussion and voting, and the managers also left the meeting to recuse. The acting chairman Liu Hengyi consulted the remaining directors present and passed without objection.
- For information on the evaluation cycle, period, scope, method and content of the self-evaluation of the board of directors, please refer to the attached table "Implementation of Board Evaluation".
- Goals (e.g. establishing audit committee, enhancing information transparency) primed to enhance the board of directors' professionalism and assessment on their effectiveness for that year and the most recent year:
 - Formulating the company's "Ethical Corporate Management Best Practice Principles", "Corporate Governance Best Practice Principles", "Remuneration Committee Charter", "Audit Committee

<p>Charter", "Nomination Committee Charter", "Reporting and Rewarding Operation Measures", "Directors / Supervisors and Managers' Ethical Code of Conduct", "Employee Ethical Code of Conduct", "Standard Operating Procedures for Handling Directors' Requests", "Rules for Performance Evaluation of Board of Directors" and "Procedures for Handling Material Inside Information", etc.</p> <p>(2) It is expected that the board of directors to be fully re-elected in May 2023. 7 directors will be elected, including 4 independent directors of which one will be female lawyer, and also experts in technology management, law, information technology, accounting, finance and corporate governance in order to fulfill the goal.</p> <p>(3) At the same time, functional committees such as Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee will be established.</p> <p>(4) Future goals: Continue to increase the number of female directors and strengthen the directors with ESG expertise.</p>
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2. Implementation of Board Evaluation

Evaluation cycle	Evaluated period	Evaluation scope	Evaluation method	Evaluation Content	Evaluation results and action plans
Conduct an internal board performance evaluation at least once a year, and conduct an evaluation by an external professional independent organization at least every three years.	Evaluate the performance of the board of directors from August 25, 2022 to December 31, 2022.	Including overall board of directors, individual directors, and remuneration committee	Including internal self-evaluation of the board of directors (including directors and supervisors), self-evaluation of board members, self-evaluation of remuneration committee members.	(1) Board performance evaluation (2) Performance evaluation of individual board members (3) Remuneration committee performance evaluation.	(1) Arrange the management team to report to the board of directors at least once every quarter on the relevant information and changes of the upstream and downstream industries and the industry in which they are positioned and provide relevant industry reports on a regular basis. (2) Include the assessment of the company's existing or potential risks and the implementation and tracking of these risks by the internal control system in the quarterly internal audit report of the board of directors. (3) Arrange a report on the company's operation and environment in the following board of directors or other time. (4) The communication between the board of directors and the directors on proposed cases will be strengthened. (5) The company appreciates the assistance and contributions of the functional committees, and will actively seek consultation, advice and assistance according to the needs and professional expertise of each committee member.

(D) Information on the operations of the Remuneration Committee

1. Information on the members of the remuneration committee

Status	Criteria Name	Qualification and Experiences	Independence	Number of other listed companies the person is also serving on the remuneration committee
Convener Independent Director	Vincent Weng	Master of Finance, Institute of Finance, Pace University; Master of Computer Engineering, Fordham University. Standard Chartered International Commercial Bank Executive Director; Standard Chartered Bank (Hong Kong) Senior Vice President. Possessing expertise in finance and technology industry management, capable of providing opinion and decision for industry analysis and integration, capital utilization, investment decision-making, risk management etc.. When performing the functions and powers of the Remuneration Committee, the expertise can be used to formulate the performance evaluation standards for directors and managers, long-term performance goals and policies, systems, standards and structures for remuneration	The four members listed on the left have met the qualifications stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission and Article 14-2 of the Securities Exchange Act during the two years before the election and during their tenure. All of them have been given the rights to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, so as to independently perform relevant functions and powers.	0
Member	Yi-chia Chiu	Ph.D. of Technology Management, National Chiao Tung University. Currently as a professor of Graduate Institute of Technology Management and Intellectual Property, Chengchi University. Possessing professional qualifications and experience in financial accounting, strategy, technology management, intellectual property, etc.		2
Member	Vincent Lin	PhD in Computer Science, National Chiao Tung University. Currently as the Technical VP, Emotibot Technologies Limited. Possessing professional qualifications and experience in industrial technology development knowledge, artificial intelligence, information technology, etc.		0
Member	Cheryl Chien	Bachelor of Law, National Chung Cheng University. Currently as a lawyer of LST&C Legal. Possessing legal, corporate governance and other professional qualifications and experience.		0

2. Responsibilities of Remuneration Committee

This committee should faithfully perform the following functions and duties with the care of a good administrator, and submit its proposals to the board of directors for discussion:

- (1) Review this regulation regularly and propose amendments.
- (2) Establish and regularly review the company's directors and managers' annual performance evaluation standards, long-term performance goals and remuneration policies, systems, standards and structures, and disclose the content of the performance evaluation standards in the annual report.
- (3) Regularly evaluate company's directors and managers' compensation and the achievement of their performance target. Determine the content and amount of their individual remuneration based on the evaluation results by the performance evaluation standards.

3. Information on the operations of the remuneration committee

- (1) The Company has four members in the remuneration committee.

- (2) Term of office: 2022/10/20 – 2025/5/19. The remuneration committee has held 2 meetings (A) for the most recent fiscal year (2022). The attendance records of committee members are as followings:

Title	Name	Number of actual attendance (B)	Number of by proxy	Ratio of attendance [B/A]	Remarks
Convener	Vincent Weng	2	0	100.00	All 4 members took office on October 20, 2022.
Member	Yi-chia Chiu	2	0	100.00	
Member	Vincent Lin	2	0	100.00	
Member	Cheryl Chien	2	0	100.00	

Other items to be mentioned:

1. In case the board of directors did not take in or make necessary rectifications according to the remuneration committee's suggestion, the date, number, content of the motion, the results passed by the board of directors and the ways the company handled the remuneration committee's opinions should be elaborated (for instance, if the compensation package passed by the board of directors is higher than the suggestion of the remuneration committee, the difference and its causes should be explained): none.

Remuneration Committee	Contents of the Motion and Follow-up	Resolution	Company's handling of the opinions of Remuneration committee
1st of year 2022 (2022.11.03)	Senior executive personnel change & compensation and benefits review case Follow-up processing: The above proposals are implemented in accordance with the resolution.	Consented and passed by all the attending members of the committee	Approved by all the attending directors of the board of directors.
2nd of year 2022 (2022.12.15)	1. Director's remuneration and employee remuneration distribution plan for 2022 2. To formulate the company's "management measures for managers' compensation" and "management measures for official vehicles" 3. Review of various remuneration projects to be implemented by the company in 2023 4. The 2023 work plan of the company's remuneration committee Follow-up processing: The above proposals are implemented in accordance with the resolution.	Consented and passed by all the attending members of the committee	Approved by all the attending directors of the board of directors.

2. For the decisions made by the remuneration committee, if there are members who vetoed or withheld from the decision and there are documented records, the date, number, content of the motion, all members' opinions, and ways in handling these opinions should be elaborated: none.

(E) The differences between the operation of corporate governance and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
1. Has the company established a corporate governance code of practice according to the corporate governance code of practice required by all listed companies?	V		The company's board of directors approved the company's "Corporate Governance Best Practice Principles" on August 25, 2022 and disclosed them on the Company's website and Market Observation Post System (MOPS).	None
2. Company share structure and shareholders' interest a. Has the company established internal procedures to handle shareholder's opinions, questions, problems, and litigation issue, and implemented these measures accordingly? b. Is the company aware of the controlling shareholders and maintain the list of the final controllers of the main shareholders? c. Has the company established and carried out risk control and firewall measures to affiliated corporations?	V		a. According to article 13 of Code of Corporate Governance Practice, the Company has instructed the 【Legal Office】 (under direct supervision of the Board) and the 【Chairman Office】 (under direct supervision of the Chairman) to handle phone calls, emails and letters regarding opinions, questions, problems, and litigation issues from the shareholders. They directly handle these issues and report to the Chairman and the Board. b. The 【Chairman office】 , under immediate supervision of the Chairman, is in charge of maintaining the lists of the controlling shareholders and the final controllers of the main shareholders. c. The Company has established systems to manage over these problems according to the law pertaining to "operational procedures in dealing	None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
d. Has the company established internal regulations to ban company personnel from selling and buying securities with undisclosed information?			with affiliated corporations, group enterprises, specific company, and affiliated individuals "as well as our internal control system. d. Regulated in the Company's " Material Insider Information Non-Disclosure Procedure".	
3. Organization and responsibility of the Board of Directors a. Has the board of directors formulated diversity policies, specific management objectives and implement them?	V		a. The Company's Code of Corporate Governance Practices article 20 indicates that the composition of the board of directors shall be diversified. Besides not exceeding one-third of the board of directors for the director who is a company manager at the same time, one should also formulate an appropriate diversification policy for his/her own function, operational style and development needs, including but not limited to the following two standards: 1. Basic conditions and values: gender, age, nationality and culture. 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.	None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			<p>The board members should generally possess the necessary knowledge, skills and literacy to perform their duties. In order to achieve the ideal goal of corporate governance, the overall ability of the board of directors should be as follows:</p> <ol style="list-style-type: none"> 1. Good judgment in operations. 2. Accounting and financial analysis capabilities. 3. Business management capabilities. 4. Crisis handling abilities. 5. Industrial knowledge. 6. Vision to international market. 7. Leadership. 8. Decision-making ability. <p>The company's diversification policy are as follows:</p> <p>(a) Current situation: Dynamic Holding was established on August 25, 2022 and is not yet able to elect independent directors. The current board of directors is composed of five directors with rich business experience or academic experience, and three supervisors, including a female Supervisors. The basic qualification, professional knowledge, skills and industrial experience of each supervisor are shown in the table below.</p> <p>(b) Management objectives: more than half of the</p>	

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			<p>independent directors, at least one of them is female, and there must be independent directors with expertise in technology management, strategy, law, accounting, information technology and corporate governance.</p> <p>(c) Implementation situation: It is expected that the board of directors to be fully re-elected in May 2023. Seven directors will be nominated, including four independent directors. And other experts are independent directors to achieve the set goals.</p> <p>(d) Future goals: Continue to increase the number of female directors and directors with ESG expertise.</p> <table><tr><th>Director/ Supervisor</th><th>Name</th><th>Nation ality</th><th>Gender</th><th>Employee of the company</th><th>Age</th></tr><tr><td>Director</td><td>Ken Huang</td><td>ROC</td><td>Male</td><td>v</td><td>41-50</td></tr><tr><td>Director</td><td>Bill Nee</td><td>ROC</td><td>Male</td><td>v</td><td>61-70</td></tr><tr><td>Director</td><td>Yuan-chun Sun</td><td>ROC</td><td>Male</td><td></td><td>51-60</td></tr><tr><td>Director</td><td>Heng-yih Liu</td><td>ROC</td><td>Male</td><td></td><td>51-60</td></tr><tr><td>Director</td><td>Jonathan Lin</td><td>ROC</td><td>Male</td><td></td><td>51-60</td></tr><tr><td>Supervisor</td><td>Eric Chen</td><td>ROC</td><td>Male</td><td></td><td>41-50</td></tr><tr><td>Supervisor</td><td>Anna Chen</td><td>ROC</td><td>Female</td><td></td><td>61-70</td></tr><tr><td>Supervisor</td><td>Martin Lin</td><td>ROC</td><td>Male</td><td></td><td>71-80</td></tr></table>	Director/ Supervisor	Name	Nation ality	Gender	Employee of the company	Age	Director	Ken Huang	ROC	Male	v	41-50	Director	Bill Nee	ROC	Male	v	61-70	Director	Yuan-chun Sun	ROC	Male		51-60	Director	Heng-yih Liu	ROC	Male		51-60	Director	Jonathan Lin	ROC	Male		51-60	Supervisor	Eric Chen	ROC	Male		41-50	Supervisor	Anna Chen	ROC	Female		61-70	Supervisor	Martin Lin	ROC	Male		71-80	
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b. In addition to setting up a remuneration committee and audit committee in accordance with the law, has the company voluntarily established other functional committees?			<table><tr><td>Diversification Name</td><td>Operation Management</td><td>Leadership & Decision-making</td><td>Finance/ Accounting/Law</td><td>Strategy & Risk Planning</td><td>Trend analysis of the industry</td><td>Industry Technology Development</td></tr><tr><td>Ken Huang</td><td>v</td><td>v</td><td></td><td></td><td>v</td><td>v</td></tr><tr><td>Bill Nee</td><td>v</td><td>v</td><td></td><td>v</td><td></td><td></td></tr><tr><td>Yuan-chun Sun</td><td>v</td><td></td><td>v</td><td></td><td>v</td><td></td></tr><tr><td>Heng-yih Liu</td><td></td><td>v</td><td></td><td>v</td><td></td><td>v</td></tr><tr><td>Jonathan Lin</td><td></td><td></td><td>v</td><td></td><td>v</td><td>v</td></tr><tr><td>Eric Chen</td><td></td><td></td><td>v</td><td>v</td><td></td><td>v</td></tr><tr><td>Anna Chen</td><td>v</td><td></td><td>v</td><td></td><td>v</td><td></td></tr><tr><td>Martin Lin</td><td></td><td>v</td><td></td><td>v</td><td>v</td><td></td></tr></table>				Diversification Name	Operation Management	Leadership & Decision-making	Finance/ Accounting/Law	Strategy & Risk Planning	Trend analysis of the industry	Industry Technology Development	Ken Huang	v	v			v	v	Bill Nee	v	v		v			Yuan-chun Sun	v		v		v		Heng-yih Liu		v		v		v	Jonathan Lin			v		v	v	Eric Chen			v	v		v	Anna Chen	v		v		v		Martin Lin		v		v	v		b. The company set up a "Special Committee" on August 25, 2022, and formulated the "Special Committee Organization Regulations", which are applicable to mergers and acquisitions or other transactions that should be reviewed by a special committee in accordance with the Business Mergers and Acquisitions Act or other laws and regulations. The company selects four independent members of the Special Committee: Mr. Yi-chia Chiu, Mr. Vincent Lin, Ms. Cheryl Chien, and Mr. Vincent Weng. Their qualifications are in compliance with the regulations on the establishment of the Special
			Diversification Name	Operation Management	Leadership & Decision-making	Finance/ Accounting/Law	Strategy & Risk Planning	Trend analysis of the industry	Industry Technology Development																																																													
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c. Has the company established a performance rating method for the board of directors, and report the results of performance evaluation to the board of directors, and use it for each			<p>Committee for mergers and acquisitions of public offering companies and related matters.</p> <p>The Special Committee held a meeting on September 2, 2022 to review and pass the following two cases, submitted them to the board of directors for discussion according to law, and approved them with the consent of all directors present.</p> <p>1. The company's subsidiary Dynamic Electronics (Huangshi) Co., Ltd.'s initial public offering of RMB ordinary shares (A shares) and application for listing on stock exchanges in mainland China. Follow-up processing: Execute according to the resolution.</p> <p>2. In order to attract and retain the professional talents needed by the company, it plans to handle the cash capital increase of Dynamic Electronics (Huangshi) Co., Ltd. for employees to subscribe for shares. Follow-up processing: Execute according to the resolution.</p> <p>c. The company passed the board of directors on October 20, 2022 to formulate the "Measures for Performance Evaluation of the Board of Directors" by the Board of Directors. Considering the</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
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directors' remuneration and the nomination of renewal?			<p>company's situation and needs, the performance evaluation measurements of the board of directors are established, and at least include the following five aspects:</p> <ol style="list-style-type: none"> 1. The degree of participation in the Company's operation. 2. To enhance decision-making quality of the Board. 3. The composition and structure of the board. 4. Selection and further education of directors. 5. Internal control. <p>The assessment of the performance evaluation of the directors' members shall at least include the following six aspects:</p> <ol style="list-style-type: none"> 1. The mastery of the Company's goal and mission. 2. The recognition of directors' responsibilities. 3. The degree of participation in the Company's operation. 4. The effort and communication of internal relationship. 5. Directors' profession and further education. 6. Internal control. <p>The measurement of the performance evaluation of</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
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			<p>the functional committee should include at least the following five aspects:</p> <ol style="list-style-type: none"> 1. The degree of participation in the company's operations. 2. The recognition of the functional committee's duties. 3. Improve the decision-making quality of the functional committee. 4. the composition of the functional committee and the selection of members. 5. Internal control. <p>The Procedure also states that the Board of Directors should perform an internal performance evaluation at least once a year and should perform an external performance evaluation by an independent institute or expert team at least every three years and expose the results of the evaluation on the company's website.</p> <p>The evaluation in 2022 was submitted to the board of directors on Feb. 24, 2023 by internal self-evaluation of the board of directors, the self-evaluation of board members and the internal self-evaluation of the remuneration committee. The main recommendations and improvement actions</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
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			<p>for the Board of Directors and remuneration committees are as follows:</p> <ol style="list-style-type: none"> 1. Arrange the management team to report to the board of directors at least once every quarter on the relevant information and changes of the upstream and downstream industries and the industry in which they are positioned and provide relevant industry reports on a regular basis. 2. Include the assessment of the company's existing or potential risks and the implementation and tracking of these risks by the internal control system in the quarterly internal audit report of the board of directors. 3. Arrange a report on the company's operation and environment in the following board of directors or other time. 4. The communication between the board of directors and the directors on proposed cases will be strengthened. 5. The company appreciates the assistance and contributions of the functional committees, and will actively seek consultation, advice and assistance according to the needs and professional expertise of each committee member. <p>The above performance evaluation results will serve as a reference for selecting and nominating</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
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			<p>directors and functional committee members. In terms of the connection between the directors performance assessment and salary and compensation, the remuneration of the directors of the company is based on the provisions of the Corporate Charter, article 30 that the remuneration of the directors shall not exceed 3% of the profit, which resolved by the board of directors. As for the procedures for emoluments setting, it is based on the “Remuneration Management Measures for Directors and Managers” of the Company as a basis for assessment. In addition to reviewing the company’s overall operating performance, industrial operating risks and development trends, it also considers the individual's performance achievement rate and his/her contribution to the company's performance before giving reasonable remuneration. All relevant performance appraisal and compensation rationality are reviewed by the Compensation Committee and the Board of Directors, and the remuneration system is reviewed at any time depending on the actual operating conditions and the relevant laws to balance the company's sustainable development and risk control.</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
d. Has the company assessed the independence of its certified public accountant routinely?			<p>d. The Finance Dept. of the company has started to conduct yearly assessment of the independence of company's designated certified accountants since year 2015, the assessment includes 15 items below:</p> <ol style="list-style-type: none"> 1. Up to the latest certification practice, there's no such circumstance with working for the company for seven years in a row. 2. No major financial interested relationship with the client. 3. Avoiding any improper relationship with the client. 4. The accountant should supervise their assistants to strictly comply with honesty, justice and independence. 5. The accountant is prohibited from auditing certification for the company's financial report where he/she has served in within the previous two years. 6. The accountant's identification is forbidden to be infringed by another individual. 7. The accountant does not hold any shares in the company or in its subsidiaries. 8. The accountant does not owe any debt to the company or its subsidiaries. 9. The accountant is not in any joint investment or 	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
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			<p>benefit-sharing relationship with the company or its subsidiaries.</p> <p>10. The accountant is not employed and paid regularly by the company or its subsidiaries.</p> <p>11. The accountant does not interfere with any management function towards decision-making in the company or its subsidiaries.</p> <p>12. The accountant does not run any business which will probably deprive him/her of audit independence.</p> <p>13. The accountant is not related to any of the company's management personnel in the following relations: Spouse, blood-related relatives, direct relatives by affinity, second-degree of blood-related relatives, collateral blood-related relatives.</p> <p>14. The accountant does not receive any commission which is occupational-related.</p> <p>15. Up to now, the accountant hasn't been punished for violating any audit independence principle.</p> <p>In the most recent assessment of certified accountants' independence and adaptability on Oct. 20, 2022, the company found no certified accountant with any inadaptability or violations of independence. In addition, accounting firm Ernst</p>	

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			& Young has also issued a "declaration of independence." This case was approved by the Audit Committee and the board on Oct. 20, 2022. The assessment result is also disclosed on the company website.	
4. Whether the listed / OTC company is equipped with qualified and appropriate number of corporate governance personnel, and designated corporate governance directors to take charge of certain corporate governance related matters (including but not limited to providing directors and supervisors with the necessary information to perform business, assisting directors and supervisors to comply with laws, handling matters related to the meetings of the board of directors and the shareholders' meeting according to law, and making the minutes of the board of directors and shareholders' meetings, etc.)?	V		<p>The Company assigned qualified and appropriate corporate governance personnel. The Board of Directors of the Company passed the resolution of appointing Ms. Jean Liu served as full-time corporate governance officer on Aug. 25, 2022, who has more than three years of experience in management of public offering companies in stock affairs and conventions. The main duties of the Corporate Governance Officer are handling matters relating to the Board of Directors and the shareholders' meeting in accordance with the law, making reports of the board of directors and shareholders' meetings, to assist the directors in taking up their posts and further education, to provide the information required for the directors to perform their business, and to assist the directors in complying with the laws and regulations.</p> <p>The business implementation of year 2022 was as follows:</p> <p>1. Handle matters related to the meetings of the</p>	None

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			<p>board of directors and the shareholders' meeting in accordance with the law.</p> <p>2. Prepare the minutes of the board of directors and shareholders' meetings.</p> <p>3. Assist directors to take office and continue their learning.</p> <p>4. Provide the information required by the directors to execute their business.</p> <p>5. Assist directors in complying with laws and regulations.</p> <p>6. Conduct annual performance evaluation of the board of directors and its members.</p> <p>7. Continuous learning (completed 15 hours of training in 2022.)</p>	
5. Has the company established a communication channel with its stakeholders, and setup a stakeholder section on the company website, in addition to properly addressing key corporate social responsibility issues that are important to the stakeholders?	V		<p>1. Currently, all stakeholders have appropriate communication channels. For instance, Shareholders vs shareholders' manager and spokesperson; Employees vs HR; Customers vs sales, quality assurance, R&D; Suppliers vs purchasing, QA, R&D; Mortgagors vs finance personnel; Government vs departments of management, industrial safety, environmental safety; finally, Community and NGO vs management dept. and CSR office etc.</p> <p>2. The Company website is set with a specific zone</p>	None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			<p>for the stakeholders and the contact person's phone and email. It is also available to leave a message at "Contact Us" page, the message will be sent to the responsible unit automatically. Furthermore, contact information of each exterior unit, phone number, email, can also be found on the website.</p> <p>3. The sustainability report published by the company every year is one of the channels for communicating with stakeholders. The communication with stakeholders was reported to the board of directors on November 3, 2022 .</p>	
6. Has the company assigned professional common shares agency to take care of affairs related to the shareholders meetings?	V		Stock Affairs Agency Department of Taishin Securities Co., Ltd.	None
<p>7. Information disclosure</p> <p>a. Has the company setup a website to disclose information pertaining finance and corporate governance?</p> <p>b. Has the company utilized other methods of information disclosure (such as setting up a website in English, assigning someone to be responsible for the collection and disclosure</p>	V		<p>a. The Company website is www.dynaholding.com. The website has been equipped with pages designated to financial information and corporate governance for information disclosure on these aspects.</p> <p>b. The company has an English website, and has designated Chairman Office to be responsible for the collection and disclosure of company information. The company has assigned a</p>	None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
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<p>of company information, implementing spokesperson system, demonstrating company website during corporate seminar)?</p> <p>c. Does the company announce and declare the annual financial report within two months after the end of the fiscal year? And announce and declare the financial reports of first, second, and third quarter and the monthly operating situation before the prescribed time limit?</p>			<p>spokesperson and a deputy spokesperson, and the contact information is on the company website, which serves as channels of communication for investors and shareholders and caters to their inquiries and needs. The company held one investor conference and was invited to four investor conference in 2022. Related information is disclosed on the company's website.</p> <p>c. The company announced and declared the annual financial report on March 15, 2023, and announced and declared the third quarter financial statements on Nov. 3, 2022, also announce the operating conditions of each month before the prescribed time limit.</p>	
<p>8. Does the company have other important information pertaining to understanding the operations of the company's corporate governance (including but not limited to employee benefits, employee welfare, investor relations, supplier relations, stakeholders' interests, advanced studies of the director and supervisors, risk management policy and levels of implementation of risk assessment standards, levels of implementation of customer policies, and whether the company has purchased liability insurance for its directors and supervisors)?</p> <p>a. Employee benefits: In year 2022, besides keeping all the employees' rights and benefits, also particularly strengthening production safety, paying attention to employees' physical and mental health, and implementing labor rights, environmental responsibility, and make sure the management systems and ethics are in compliance with the code of conduct of Responsible Business Alliance (RBA).</p> <p>b. Employee welfare:</p>				

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	Y	N	Abstract	
Taoyuan in 2022				
1. Employees is provided with healthy lunchboxes cooked with olive oil, maintaining the health of employees and conducting health education lectures, a total of 37 people.				
2. Organized various recreational clubs to help employees reduce stress after work, and built a team-spirit of 37 employees				
Kunshan in 2022				
1. Staff birthday party, a total of 2,110 people participated				
2. In June 2022, the company applied to become a harmonious labor relationship enterprise in Suzhou, and passed the review and won the honor in November.				
3. In August 2022, all staff participated in the heatstroke prevention and cooling benefit activity.				
4. On October 22-23, 2022, 27 people participated in the Changzhou Salt Lake City Extensive Training for supervisors above 40 levels. .				
5. A total of 47 people participated in the anti-epidemic commendation and gratitude gala in July 2022.				
6. A total of 1,080 people participated in the Women's Day event on March 8, 2022.				
7. In October 2022, 12 people participated in the 2022 Kunshan Development Zone Handong Cup Men's Basketball League (level-B)				
8. A total of 28 people participated in swimming club activities in September 2022.				
9. A basketball game is planned to be held in December, with a total of 40 people participating.				
Huangshi in 2022				
1. Staff birthday party, all staff participated.				
2. A total of 1,500 people participated in the year-end weekly lucky draw.				
3. A total of 600 people participated in the Women's Day event on March 8, 2022.				
4. Promote the learning, growth and progress of colleagues, and manage internal lecturer training courses, with a total of 36 participants.				
5. Outstanding employees received public praise, a total of 160 people participated.				
6. Outdoor vineyard picking activities, a total of 48 people participated.				
7. Promote lean production management activities, a total of 63 people participated.				
8. Participated in May 1st labor certificates appraisal for enterprises in Huangshi City, and won the honor after passing the review in April.				
9. Thanks to the teacher. Teacher's Day activities, a total of 17 people participated.				

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c. Social Care of Dynamic group in 2022				
1. The souvenirs for the shareholder meeting are the handmade soaps from the Xiaoyangmiao Shelter Workshop and the handmade soaps made by the Star Workshop of Taoyuan Autism Association. (The total purchase amount is NT\$1,485,000).				
2. Sponsor the National Hsinchu Commercial vocational High School Archery Team and students from poor families to learn archery. (The total amount of sponsorship is NT\$100,000).				
3. Sponsor National Chengchi University Academic Research Fund. (The total amount of sponsorship is NT\$200,000).				
4. Sponsor Liver Disease Prevention and Treatment Research Foundation. (The total amount of sponsorship is NT\$29,299).				
5. Mid-Autumn Festival gifts for employees: Support the employment of local people with physical challenges; choose products from sheltered workshops in Luzhu District, Taoyuan, and handmade biscuits without additives by a single mother who independently raises a pair of children. (Total purchase amount NT\$157,689)				
6 Lovely Dragon Boat Festival, donating materials to orphans and disabled children and the elderly in Huangshi Orphanage. (RMB 2,830)				
7. Social welfare donation- Scholarship for poor students, Yu Yang (RMB 5,000)				
8. Sponsor the Academic Research Fund of Hubei Institute of Technology. (RMB 30,000).				
d. Investor relations: assigned spokesperson, deputy spokesperson, and personnel dedicated to handling matters pertaining shares to assist investors to understand the company's status and to communicate with them. Set up investor relations section on the company website to offer important information and contact information.				
e. Supplier relations: In the process of improving the sustainable operation and competitiveness of the corporate, establish a mutually beneficial strategic partnership with suppliers, jointly develop new products and break through issues such as process technology and quality control. The two parties can be aware of the accuracy of market information at any time by regularly exchanging and sharing information on upstream and downstream market supply and demand conditions, fluctuations in raw material costs, capacity expansion, and quality control so as to timely adjust suppliers' production plan and meet customers' requirements, also facilitates the two parties to control the inventory cost and water level of all materials, thereby establishing a win-win supplier relationship.				
f. Stakeholders' interest: identify stakeholders and major issues, establish communication channels, include topics that various				

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	Y	N	Abstract	

stakeholders care about, such as economics, environment, and social issues, into the company's operations strategy and management, and to sufficiently disclose information.

g. Advanced studies for the directors and managers

Status	Name	Date	Hosted by	Course	Hours
Director	Ken Huang	2022/05/23	Taiwan Investor Relations Institute	ESG Carbon Reduction Development and Digital Transformation Corresponding Strategies	3.0
Director	Ken Huang	2022/10/25	Taiwan Corporate Governance Association	Analysis on Important Court Decisions on Corporate Governance: Focusing on Director's Liability.	3.0
Corporate director Representative	Bill Nee	2022/10/19	Taiwan Corporate Governance Association	The 18th (2022) Corporate Governance Summit Forum - Improving the Functions of Directors and Implementing Sustainable Corporate Governance	3.0
Corporate director Representative	Bill Ni	2022/10/25	Taiwan Corporate Governance Association	Analysis on Important Court Decisions on Corporate Governance: Focusing on Director's Liability.	3.0
Corporate director Representative	Yuan-Chun Sun	2022/08/08	Securities and futures institute	Global Risk Perceptions – Opportunities and Challenges for the Next Decade	3.0
Corporate director Representative	Yuan-chun Sun	2022/11/04	Securities and futures institute	Technology Development and Business Opportunities of Electric Vehicles and Smart Vehicles	3.0
Director	Heng-yih Liu	2022/08/08	Taiwan Corporate Governance Association	Corporate Governance 3.0 – Blueprint for Sustainable Development	3.0

Item to be assessed					Operational status (note 1)		Deviations from the corporate governance code of practice of listed companies and causes
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Director	Heng-yih Liu	2022/08/08	Taiwan Corporate Governance Association	How the board of directors supervises ESG risks and builds sustainable competitiveness of enterprises			3.0
Director	Jonathan Lin	2022/09/15	Corporate Operating and Sustainable Development Association	Insider trading, company information disclosure and legal norms and cases related to insiders			3.0
Director	Jonathan Lin	2022/10/05	Securities and futures institute	2022 Law Compliance Publicity Presentation of Insider Equity Transaction			3.0
Financial Accounting Director	Cathy Ni	2022/11/28-29	Accounting Research and Development Foundation	Continuing training course for accounting supervisors of issuers, securities firms and stock exchanges			12.0
Accounting Director Deputy	Lily Chiang	2022/11/14-15	Accounting Research and Development Foundation	Continuing training course for accounting supervisors of issuers, securities firms and stock exchanges			12.0
Internal Audit Director	Angel Tsai	2022/1/8~22	The Institute of Internal Auditors	(CIA Part 2) Knowledge Elements and Skills Series for Internal Auditors: Internal Audit Practice			18.0
Corporate Governance Officer	Jean Liu	2022/03/10	Quantum International Corp. (QIC)	Discusses Independent Directors and Board Supervision from an International Perspective			1.0
Corporate Governance Officer	Jean Liu	2022/05/04	Taiwan Stock Exchange	International Twin-Summit Forum			2.0
Corporate Governance Officer	Jean Liu	2022/06/10	Securities and futures institute	2022 Insider Trading Prevention Publicity Conference			3.0
Corporate Governance Officer	Jean Liu	2022/10/19	Taiwan Corporate Governance Association	The 18th (2022) Corporate Governance Summit Forum - Improving the Functions of Directors and Implementing Sustainable Corporate Governance			6.0
Corporate	Jean Liu	2022/10/12	Securities and futures institute	2022 Law Compliance Publicity Presentation of Insider			3.0

Item to be assessed				Operational status (note 1)		Deviations from the corporate governance code of practice of listed companies and causes
				Y	N	
Governance Officer					Equity Transaction	

h. Risk management policy and levels of implementation of risk assessment standards:

1. Risk management policies and procedures

The company formulated the "Risk Management Policy" on October 30, 2015, and established the "Risk Management Committee", which was approved by the board of directors as the highest guiding principle and execution unit of the company's risk management. The risk management committee of the company regularly evaluates the frequency of internal and external risks and the severity of the impact on operations through the risk matrix (Risk Map) on a quarterly basis, and defines risk levels and priorities, hoping to respond in a cost-effective manner. At the same time, according to the latest internal audit development and standard requirements, monitor the potential risks of internal operations and implement preventive measures to strengthen risk management.

2. Risk management scope

The company's risk management issues are divided into four categories: strategy, operation, finance, hazards and climate change, and the top executives of the relevant departments are the executive members.

3. Organizational structure

The company's "Risk Management Committee" is chaired by the Chairman and the President, and reports to the Board of Directors at least once a year.

4. Responsibilities and Operation

The responsibilities operation of the Risk Management Committee is as follows:

Chairman	1. Identify and approve priorities for each risk
	2. Supervise the improvement of risk management operations
General Director	1. Coordinate and promote risk management activities
	2. Conduct cross-departmental risk communication sessions
	3. Ensure adequate communication and coordination between the Chair and the Executive Committee

Item to be assessed		Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
		Y	N	Abstract	
Executive Committee		4. Arrange the Executive Committee to report regularly to the Chair			
		5. Report to the Audit Committee and the Board of Directors			
	Executive Committee	1. Identify and assess risk			
		2. Develop a risk response program			
		3. Perform a risk control plan			
		4. Identify the effectiveness of the risk control program			
		5. Report to the Chairman of the Risk Management Committee			
<p>The Risk Management Committee assesses 4 risk issues for year 2022, including: Thailand's power energy risk, Thailand's water resource risk, Thailand's flood risk, and the European energy crisis's risk to the Company's business. The responsible team has developed a corresponding solution and reported it to the board of directors on November 3, 2022, and continued to follow up</p> <p>i. Levels of implementation of customer policies: the company designates sales and customer service to be in charge, maintain close contact on a daily basis, construe a fair communication channel with customers and satisfy their needs. Senior management will visit routinely to understand the customer's long-term needs, which will serve as the basis for the company's long-term strategy. The company will conduct customer satisfaction survey on an annual basis to understand levels of implementation and ways to improve.</p> <p>j. The Company has already purchased liability insurance for its directors. The most recent insured period is from 12:00 March 1, 2023 to 12:00 March 1, 2024. The insured amount is US\$2,000,000. The coverage covers the duties of directors and managers, company compensation liability, company securities compensation liability, and company compensation liability for employment. The liability insurance was reported in the board of directors in May. 5, 2023.</p> <p>9. Give explanation of the improvement results according to the corporate governance assessment that issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd in the most recent year. Put forward the priority issues and measures for those who have not yet improved. (Companies who are not included in the assessment do not need to fill up)</p> <p>In the eighth corporate governance evaluation of year 2021, the company scored 105, ranking the top 5% for consecutive 6 years. The results of the 9th Corporate Governance Evaluation in 2022 have not yet been announced. The improvement projects in 2022 are as follows:</p>					

Item to be assessed		Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
		Y	N	Abstract	
Item	Indicator				
2.3	Are the Chairman and President of The Company or other employees of the same level (top managers) not the same person or are each other's spouse or first-degree relative?				
2.5	Is the number of company directors who are employees of the company, parent company, subsidiary company or fellow subsidiary less than (including) one-third of the number of directors?				
4.16	Does the Company formulate and disclose in detail on the Company's website a reporting system for illegal (including corruption) and unethical behavior by internal and external personnel?				
The priority strengthening projects for 2023 are as follows:					
Item	Indicator				
2.6	Does the company's board of directors include at least one female director?				
2.22	Does the Company formulate risk management policies and procedures approved by the board of directors, disclose the scope of risk management, organizational structure and its operation, and reporte to the board of directors at least once a year?				

(F) Differences between the implementation of sustainable development and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
1. Does the company establish a governance system to promote sustainable development and set up a dedicated (part-time) unit to promote sustainable development, and the board of directors authorizes senior management to handle and the board's supervision situation?	V		<p>In order to promote sustainable operation, the company established the ESG Sustainability Committee with the approval of the board of directors on February 23, 2022. The chairman serves as the chairman of the sustainability committee. It has a sustainability secretariat and five teams, including the corporate governance group, Environmental sustainability team, customer rights team, social integration team and innovation R&D team, each team integrates the resources of relevant departments under it, sets and implements the work plan of each team, and is regularly tracked by the sustainability secretariat, at least once a year Report to the board.</p> <p>The "ESG Sustainability Committee" serves as a cross-departmental communication platform for vertical integration and horizontal connection. Through quarterly meetings and task groups set up according to the issues, we identify sustainable issues related to the company's operations and stakeholders' concerns, formulate corresponding strategies and work guidelines, plan and implement annual plans, and track the implementation results to ensure sustainability</p>	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
			<p>development strategy is fully implemented in the company's daily operations.</p> <p>The "ESG Sustainability Committee" regularly reports to the board of directors on the implementation results of sustainable development and future action plans. The topics to be reported to the board of directors on November 3, 2022 are: (1) 2022Q3 directors and senior executives' ESG KPI achievement status; (2) According to the Financial Supervisory Commission's "Sustainable Development Roadmap" - greenhouse gas inspection and verification progress report; (3) Coverage status of D&O liability insurance.</p> <p>The board of directors regularly listens to reports from the management team, reviews the progress of the strategy, evaluates the possibility of success of the strategy, and urges the management team to strengthen or adjust when necessary.</p>	
2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations based on materiality principle and formulate relevant risk management policies or strategies accordingly?	V		<p>This disclosure covers the Company's sustainable development performance in major sites from August 25, 2022 to December 31, 2022. The risk assessment covers the Company and its two important subsidiaries, Kunshan and Huangshi, both of which are mainly engaged in the manufacturing service business of PCB.</p>	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies		
	Y	N	Abstract (note 2)			
			Based on the materiality principle of ESG report, the relevant risk management policies or strategies for the risks after the company conducting risk assessments on important issues as follows. Please refer to the company's sustainability report for specific implementation.			
			Major issues	Risk assessment projects		Risk management policies and strategies
			Environment	Water resource management		Maximize water efficiency; promote water saving in process and reuse of reclaimed water; reduce raw water intake per unit of production output; reduce waste water discharge through water saving to reduce operating costs; proactively promote ISO46001 water resource efficiency management system certification to improve water risk response capabilities.
				Waste and harmful substances management		Promote UL2799 waste zero landfill certification, conduct compliance management, inspection and audit of waste flow, confirm that waste has undergone transformation processes such as reduction, recycling and energy use, and avoid waste of heat energy after landfill treatment and incineration; reduce waste output and emissions; increase waste recycle rate; make full use of raw materials; improve product yield and reduce waste of resources; prohibit harmful substances from being illegally handled; regularly check suppliers' products for harmful substances.
				Air pollution management		Regularly maintain waste gas treatment equipment to make sure that air quality monitoring meets the standards; improve the satisfaction of neighboring residents of the plant.
				Energy and Climate Change		In addition to observing the opportunities brought about by various climate change risks, Dynamic also formulates strategies and goals that comply

Item to be assessed	Operational status (note 1)					Deviations from the code of practice of CSR for listed companies	
	Y	N	Abstract (note 2)				
				Strategy	with the relevant requirements of environmental and energy regulations and effectively improve corporate efficiency: In terms of manufacturing process, optimize the efficiency of energy resource use, manage waste emissions, increase the proportion of renewable energy use, etc.; in terms of business, increase the proportion of revenue from green energy industries and low-carbon products to respond to the increasing demands of the public and consumers for sustainable products. Through strategic promotion in various aspects, assist each plant to achieve energy conservation and carbon reduction goals, as well as sustainable transformation and adjustment, and establish Dynamic's sustainable resilience.		
				Society	Talent recruitment and retainment		Strengthen two-way communication between employees and enterprises, enhance corporate recognition, reinforce employees' cohesion and willingness to stay in the post ; build good labor relations; provide comprehensive training plans, experience and technical inheritance; establish career planning, process engineers adopt dual-channel promotion; Optimize the salary and welfare system and working environment.
				Corporate governance	Regulation compliance		Establish three lines of regulation compliance procedure for the following regulatory areas: corporate governance, insider trading, securities regulations, subsidiary supervision, document management and preservation, environmental regulations, occupational safety, labor regulations, intellectual property, confidential data protection, personal data protection, export control, etc. Thereby each responsible unit of the company can regularly identify, amend, promote and exercise the regulations on a systematic basis, to ensure the regulations are fully followed.
3. Environmental Issue a. Has the company established a suitable environmental management system by	V		a. The company has established ISO14001			None	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
<p>referencing its industry's characteristics?</p> <p>b. Does the company strive to enhance the utility rate of every resource, and use renewable materials that pose less impact on the environment?</p>			<p>environmental management system and IECQ QC 080000 hazardous substance process management system in line with industrial characteristics. In order to improve management performance related to energy and resources, Kunshan plant not only promotes ISO50001 energy management system certification, ISO14064-1 greenhouse gas inspection, certified by AWS International Water Resources Management Standard in 2022. Huangshi factory also plans to start promoting UL2799 zero waste landfill and ISO46001 water resource efficiency management system certification in 2023.</p> <p>b. The company actively optimizes energy efficiency and designs energy-saving equipment, and expands the use of renewable energy; the Kunshan plant has carried out a low-nitrogen energy-saving burner project, and has carried out combustion head rectification for boilers, in addition to reducing acid gases such as carbon and sulfur dioxide. The emission of the electric boiler will not be affected by the power cut. The Kunshan plant will reduce the production of CO2 gas by 24% under the same value; The heat dissipation loss of the heating pipe is low, and the quality</p>	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
			<p>of hot water can be adjusted flexibly according to the change of the outdoor temperature, so as to meet the requirements of saving fuel and ensuring the quality of heating supply. Compared with steam heating, there is no condensation water and secondary evaporation loss problem, the fuel intensity drops by 12.92%.</p> <p>The company promotes IECQ QC 080000 Hazardous Substance Process Management System Requirements, and uses raw materials that meet the EU's RoHS, REACH, and halogen-free specifications according to customer requirements. In 2022, the Resource Management Department was established to focus on circular economy work and establish a circular system of resource integration, including material recycling, renewable energy manufacturing products and manufacturing process to reduce pollution in order to reduce the impact on the environment. The current recycling ratio of waste has exceeded 96%, and will promote UL 2799 waste zero landfill certification in 2023 to concretely fulfill the commitment of environmental protection policy.</p>	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
c. Does the company assess the potential risks or opportunities brought by climate change to enterprises now and in the future, and take measures to deal with climate-related issues?			<p>c. The Company's sustainable development committee is the highest organization for climate change management, chaired by the chairman. It deliberates the Company's climate change strategy and goals, manages climate change risks and opportunities, and reviews the implementation status and discusses future plans every year, then report to the Board of Directors.</p> <p>Based on the Task Force on Climate-Related Financial Disclosures (TCFD), the company carries out identification of climate-related risks and opportunities, formulates management policies and countermeasures, and incorporates scenario analysis of climate change risks to reduce and transfer the impact of risks when they occur. The nine major climate change risk issues identified by the company are: raw material supply, general environmental regulations, cap control and carbon rights/energy trading, renewable energy, changes in customer demand, instable energy supply, changes in market demand/innovative Industrial technologies, increased extreme weather events, and the climate issues stakeholders concerned about.</p>	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies																								
	Y	N	Abstract (note 2)																									
d. Does the company measure the amount of greenhouse gas emissions, water consumption and total weight of waste in the past two years; and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?			<p>Elaboration on the above potential financial impacts, related opportunities, management policies and response measures, goal setting and implementation have been disclosed in the company's sustainability report. (https://www.dynaholding.com/csr/report.html)</p> <p>d. The greenhouse gas emissions, water consumption and total waste weight of the company's two production bases - Kunshan Plant and Huangshi Plant in the past two years are explained as follows:</p> <p><u>Kunshan plant</u></p> <table><tr><th>Item</th><th>2021</th><th>2022</th><th>Changes in comparison with the previous year %</th></tr><tr><td>Direct emissions of Greenhouse gas (tons CO₂e/year) Scope 1</td><td>6,778</td><td>3,781</td><td>-44.22%</td></tr><tr><td>Indirect emissions of Greenhouse gas (tons CO₂e/year) Scope 2</td><td>160,082</td><td>93,506</td><td>-41.59%</td></tr><tr><td>Emissions of Greenhouse gas in total (tons CO₂e/year)</td><td>166,860</td><td>97,287</td><td>-41.70%</td></tr><tr><td>Weight of waste (tons)</td><td>292</td><td>160</td><td>-45.21%</td></tr><tr><td>Annual water consumption (10,000 tons)</td><td>28,333</td><td>5,229</td><td>-81.55%</td></tr></table> <p>All indicators of the Kunshan plant in 2022 have declined. In order to reduce direct greenhouse gas emissions, boiler rectification has been carried out, and clean energy has been introduced to replace diesel, heavy oil and other</p>	Item	2021	2022	Changes in comparison with the previous year %	Direct emissions of Greenhouse gas (tons CO ₂ e/year) Scope 1	6,778	3,781	-44.22%	Indirect emissions of Greenhouse gas (tons CO ₂ e/year) Scope 2	160,082	93,506	-41.59%	Emissions of Greenhouse gas in total (tons CO ₂ e/year)	166,860	97,287	-41.70%	Weight of waste (tons)	292	160	-45.21%	Annual water consumption (10,000 tons)	28,333	5,229	-81.55%	
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			<p>fuels, reducing carbon and sulfur dioxide and other acid gas emissions; in terms of water use, reclaimed water reuse equipment has been gradually increased, and obtained Alliance for Water Stewardship (AWS).</p> <p><u>Huangshi plant</u></p> <table><tr><th>Item</th><th>2021</th><th>2022</th><th>Changes in comparison with the previous year %</th></tr><tr><td>Direct emissions of Greenhouse gas (tons CO₂e/year) Scope 1</td><td>11,355</td><td>10,362</td><td>-8.74%</td></tr><tr><td>Indirect emissions of Greenhouse gas (tons CO₂e/year) Scope 2</td><td>62,386</td><td>71,739</td><td>14.99%</td></tr><tr><td>Emissions of Greenhouse gas in total (tons CO₂e/year)</td><td>73,741</td><td>82,101</td><td>11.33%</td></tr><tr><td>Weight of waste (tons)</td><td>210</td><td>228</td><td>8.57%</td></tr><tr><td>Annual water consumption (10,000 tons)</td><td>31,766</td><td>33,278</td><td>4.76%</td></tr></table> <p>Since the revenue of Huangshi Plant in 2022 has increased by 37.64% compared with 2021, all indicators have increased, but the unit revenue intensity decreased: the greenhouse gas emission intensity decreased by 19% compared with the previous year, and the water consumption per unit revenue decreased. The volume of waste decreased by 21%, and the waste output per unit of revenue decreased by 24%. The measures implemented by Huangshi Plant in 2022 include:</p> <p>1. Complete the construction of phase 1 of the solar power plant to provide electricity for the living area, and the follow-up will continue to be</p>	Item	2021	2022	Changes in comparison with the previous year %	Direct emissions of Greenhouse gas (tons CO ₂ e/year) Scope 1	11,355	10,362	-8.74%	Indirect emissions of Greenhouse gas (tons CO ₂ e/year) Scope 2	62,386	71,739	14.99%	Emissions of Greenhouse gas in total (tons CO ₂ e/year)	73,741	82,101	11.33%	Weight of waste (tons)	210	228	8.57%	Annual water consumption (10,000 tons)	31,766	33,278	4.76%	
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Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
			<p>planned according to the operation situation.</p> <p>2. The process and air-conditioning heating are fully changed to hot water boiler heating.</p> <p>3. Continue to maintain the effectiveness of the environmental management system and actively promote the verification of water resources and waste management systems.</p> <p>4. Procurement of renewable energy.</p> <p>5. The new pressurized filter facilities reduce the amount of outgoing sludge, and plan to add new sludge drying facilities to reduce the amount of outsourced sludge disposal.</p> <p>The Company's management goals for greenhouse gas emission reduction, water consumption reduction, and waste recycling are as follows: Greenhouse gas reduction: taking 2020 as the baseline, reduce carbon emission intensity by 4% per year; water use reduction: taking 2020 as the baseline, reduce water use intensity by 4% per year; waste recovery rate reaches 95~98%.</p> <p>Kunshan Plant ISO14001 Environmental Management System Certificate (Validity period: 2020.06.29~2023.06.28)</p> <p>Kunshan Plant AWS Water Resources Sustainable Management Certification (Validity period: 2022.08.09~2025.08.09)</p> <p>Kunshan Plant ISO14064-1 Greenhouse Gas</p>	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
			Emission Verification Statement (Validity period: 2022.08.25~2023.08.24) Huangshi Factory ISO14001 Environmental Management System Certificate (Validity period: 2022.01.03~2025.01.02)	
4. Society Issue a. Has the company set up management policy and procedures according to related laws and regulation and the International Human Rights Treaty?	V		a. In order to fulfill corporate social responsibility and protect the basic human rights of all colleagues and all stakeholders, Dynamic follows the international human rights principles of UN Universal Declaration of Human Rights, the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN International Labor Organization and The UN Human Rights Norms For Business. Formulates policies to protect human rights, and abides by the labor-related laws and regulations of the territory where the company is located. Based on the Regulatory Compliance Management Procedures and the RBA Code of Conduct - Version 6.0, the company has established policies and procedures to protect human rights, committed to safeguarding the human rights of workers, and respecting them. The content includes: free choice of occupation, young labor, working hours, wages and benefits, humanitarian treatment, non-discrimination, freedom of association.	None

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
b. Does the company formulate and implement reasonable employee welfare measures (including compensation, vacations and other benefits), and appropriately reflect operating performance or results in employee compensation?			<p>Details are posted on the company website.</p> <p>Man-times and man-hour of internal education and training related to "human rights" in 2022:</p> <ul style="list-style-type: none"> • Taoyuan, 2 man-times, 1.0 man-hour. • Kunshan, 8,450 man-times, 4,225.0 man-hours • Huangshi, 647 man-times, 323.5 man-hours <p>b. The company sets and implements reasonable employee welfare measures (including salary, vacation and other benefits, etc.). Please refer to the employee manual and company website for details. Article 30 of Corporate Charter specifies that if there is profit made in the year, not less than one-thousandth of the profit shall be allocated as employees compensation, and the board of directors shall decide to grant it by shares or cash, and the objects to be paid must be an employee of the company or its subsidiary who meets certain conditions. The company's remuneration policy also states that employees' remuneration includes the company's operating performance bonuses and the bonus is calculated according to the company's operating performance achievement and the individual's performance during the year.</p>	
c. Has the company offered a safe and healthy			c. For labor safety, the company insists on abiding	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
work environment for its staff, and routinely implement safety and health education for its staff?			<p>by laws and regulations, fulfilling its duties, and providing employees with a healthy, safe and tidy working environment as the sole goal of implementing occupational safety policies. The company's Kunshan plant and Huangshi plant established in mainland China have established and completed labor safety and health systems in accordance with the requirements of Labor Law Article 52 and Work Safety Law Article 21 of the People's Republic of China, and are staffed with full-time or part-time occupational health management personnel, and has completed the ISO45001 system verification. Each plant has a dedicated occupational safety and health management unit. The members are full-time and hold national certificates. Each unit of the production line is staffed with safety and health inspectors, and with the Industrial safety division supervising its operations. In order to encourage colleagues to further study, the Kunshan plant requires all supervisors above the team leader level to obtain the certificate qualification of safety production management personnel, and the Huangshi plant requires the supervisors of the production unit to obtain the certificate qualification.</p> <p>Kunshan Plant ISO45001 Occupational Safety and Health Management System Certificate</p>	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
d. Has the company established an effective career developmental plan for its employees?			<p>(Validity period: 2021.02.26~2024.02.25) Huangshi Plant ISO45001 Occupational Safety and Health Management System Certificate (Validity period: 2022.01.03~2025.01.02)</p> <p>d. Current employees are able to achieve enhancement in professional knowledge and skills through internal or external training. For new employees and those that have just transferred to different roles, The Company offers expertise training or internship according to the nature of their work and needs. Through career-oriented learning development structure, all employees in each rank at The Company are able to attain appropriate development training. The Company provides aids for extended studies to assist employees to accumulate professional knowledge and enhance their managerial capacity.</p> <p>The average hours of education and training in Taoyuan, Kunshan, and Huangshi in 2022 are 31.4 hours, 27.9 hours, and 21.2 hours, respectively.</p>	
e. Does the company follow relevant regulations and international guidelines on issues such as customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant consumer or customer			<p>e. Throughout the product life cycle, customer health and safety and consumer rights and interests are our top priorities. We follow customer requirements, relevant regulations and international standards to protect customer</p>	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
<p>rights protection policies and grievance procedures?</p> <p>f. Does the company formulate supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health or labor human rights, and follow up the implementation?</p>			<p>privacy, marketing and labeling,. In addition, the company has relevant policies to protect consumer rights, and has a dedicated customer service department to formulate customer problem handling procedures, provide a transparent and effective customer complaint mechanism, and give customers satisfactory service.</p> <p>f. The company formulate a supplier management policy that requires major raw material suppliers to commit and guarantee:</p> <ol style="list-style-type: none"> 1. Follow Dynamic's integrity policy and conflict minerals policy. 2. Conform to the requirements of the Code of Conduct Responsible Business Alliance (RBA) of electronic industry. 3. Passed ISO 9001 quality management system verification. 4. Build and maintain the operation of related systems in accordance with the spirit of ISO14001 environmental management system and ISO45001 occupational safety and health management system. 5. Comply with the international standards and regulations of no hazardous substances, such as RoHS, REACH, and Dynamic's Green Product Management Regulations. 6. Formulate Corporate Social Responsibility policies, integrity policies, and energy & 	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
			environmental safety and health policies, meanwhile promote corresponding management systems. The supplier signing rate is 100%.	
5. Does the company prepare sustainability reports and other reports that disclose the company's non-financial information by making reference to the internationally-used report governing preparation standards or guidelines? Has the disclosed information in the report been assured, verified or certified by a third party?	V		5. The company's "2021 Sustainability Report" is prepared in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI), adopts the core (Core) disclosure principle, and entrusts the independent and credible BSI British Standards Institute to AA1000AS Type I moderate assurance standard to conduct independent verification. For the verification scope and opinion statement, please refer to the independent guarantee opinion statement appended to this report. This report is published on the company website. (https://www.dynaholding.com/csr/report.html)	None
6. If the company has its own sustainable development code based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the difference between its operation and the set code: none				
7. Other important information to understand the implementation of promoting sustainable development: none				

Note 1: If the operation status is checked "Yes", please explain the important policies, strategies, measures adopted and implementation; if the operation status is checked "No", please explain the reasons and explain the related policies, strategies and measures that will be adopted in the future.

Note 2: For companies that have already prepared a corporate social responsibility report, they are able to replace explanations in abstract with "please see the corporate social responsibility report" and provide page numbers.

Note 3: The materiality principle refers to the matters related to environment, society and corporate governance that bring significant impacts on the company's investors and other stakeholders.

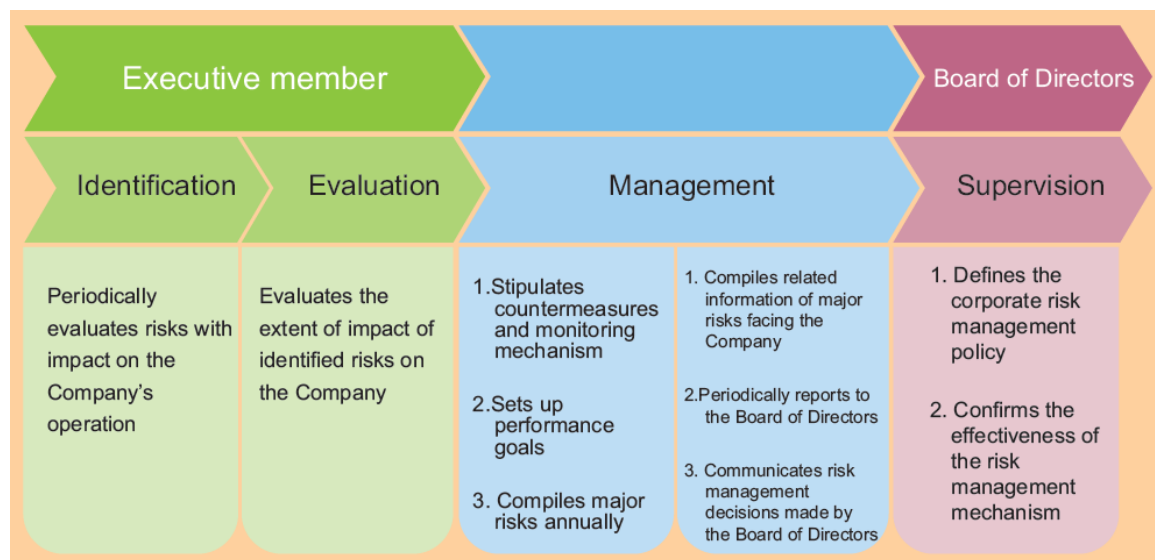
(G) Climate related information

1. Implementation of climate-related information

Item	Execution situation
1. Describe board and management's supervision and governance of climate-related risks and opportunities.	1. Dynamic's "Sustainable Development Committee" reported to the board of directors quarterly in 2022 on the performance of reducing greenhouse gas emission intensity and water consumption intensity, and addressed the climate-related risks of the construction in Thailand plant (power energy , water resources, floods, etc.) and impact of the European energy crisis on the company's business risks, and accept the supervision and guidance of the board of directors.
2. Describe how the identified climate risks and opportunities will affect the company's business, strategy and finances (short, medium and long term).	2. Business: Increase the proportion of revenue from green energy industry and low-carbon products to respond to the public and consumers' continuous demand for strengthening sustainable products. Strategy: Through the promotion of various strategies, we assist each plant to achieve independent energy saving and carbon reduction, self-built solar power generation systems, and purchase of green electricity to reduce carbon emissions. Finance: We conducted a scenario analysis of the financial impact by climate change, including: (1) Analysis of rainfall disasters of major suppliers, the study found that the risk exposure level of major suppliers' climate risk is not large, and will not cause significant financial impact; (2) Carbon fee risk analysis. The assessment results show that the impact on the company's operations is not harmful. However, the company pays close attention to carbon-related issues. In addition to actively introducing renewable energy equipment, it also promotes upstream carbon emission inspection, and 100% priority in purchasing raw materials with less carbon emissions per unit of product, reducing carbon emissions in each link of the product life cycle, expecting to provide customers with an environmentally friendly and low-carbon emission product.
3. Describe the impact of extreme climate	3. Traffic interruptions, flooding, power outages, and production line-down caused

<p>events and transformational actions on finance.</p> <p>4. Describe how the identification, assessment and management of climate risks are integrated into the overall risk management system.</p>	<p>by factory facility damage resulted from extreme weather, at the same time cause supply difficulties of supply chain, resulting in deferred raw material procurement cycles and price increases, affecting factory shutdowns or production delays, and even causing the loss of tangible and intangible assets within the enterprise. Dynamic strives for stable supply by increasing diversified sources of raw materials and increasing its own choice, so as to reduce the risk of material outages caused by extreme weather; improve the company's preparations for resisting risks in advance, lay high foundations at the initial stage of factory planning, place expensive equipment on higher floors, open up rain and sewage drainage systems, etc., and improve various emergency response plans to increase tolerance to extreme weather impacts.</p> <p>In terms of the impact of transformation actions on finances, including the increased operating costs of pollutants to stricter requirements such as the tightening of environmental regulations, the strengthening of pollution prevention facilities; excess carbon emissions may have to be purchased from the carbon market, thereby increasing energy costs and the cost of purchasing carbon rights; additional costs that may be increased due to the use of green electricity; increased costs due to green product development and green raw material purchases, etc.</p> <p>4. Dynamic follows the TCFD guidelines and divides the risk management process into four stages: identification, assessment, management, and supervision and establishes a comprehensive climate change-related risk and opportunity management mechanism through the participation of the executive committee, the risk management committee, and the board of directors. Among them, the risk management committee collects all the company's major risk-related information to achieve the integration of the company's overall risk management system. The detailed process is as follows:</p>
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5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be explained



- (1) Dynamic Electronics takes an inventory check of the exposure to the climate risk among its Top 3 suppliers and evaluates the disasters brought about by rainfall in the locations of primary suppliers. With the difference equivalent between 2100 and 1750 of radiative forcing as the benchmark according to "Representative Concentration Pathways" (RCPs) in the Fifth Evaluation Report of the United Nations Intergovernmental Panel on Climate Change (IPCC), Dynamic Electronics adopts RCP 2.6 and RCP 8.5 as two scenarios and cites data of these two scenarios from Climate Analytics. Results of the evaluation show that the risk exposure percentage of revenue from the analysis of the simulated RCP 2.6 scenario was 0.0160 % and that of RCP8.5 was 0.0169 %. Primary suppliers of Dynamic Electronics are not exposed to significant physical risks and hence there will be no significant financial impacts.
- (2) The overall greenhouse gas emissions of Dynamic Electronics throughout 2020 came to 217,322.5717 tones (only Scopes 1 and 2). With 2020 as the baseline, the annual carbon reduction ratio is forecast according to Dynamic Electronics' carbon reduction goal of 4 % linear reduction a year and the five

<p>6. If there is a transformation plan to manage climate-related risks, explain the content of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be explained.</p> <p>8. If there are climate-related goals set, the covered activities, scope of greenhouse gas emissions, scheduled timeline, annual progress and other information should be stated; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the information of the source</p>	<p>criteria of carbon prices, namely “EPA-recommended rate”, “EU-estimated carbon tax rate”, “IEA-estimated rate”, Greenpeace-recommended rate”, and “carbon price trend survey of the China Carbon Forum” and is calculated according to the current actual carbon credit trade ratio while Dynamic Electronics is evaluated for its extent of risk exposure under different scenarios in the future and up to 2050. Results of the evaluation show that under each of the five estimated rates by 2050, financial impacts are the most significant applying the EU carbon tax and the Greenpeace-estimated rate and the minimal with the EPA-recommended rate. Although analysis findings do not impact the operations of Dynamic Electronics to a hazardous extent, Dynamic Electronics is highly concerned about related issues. Besides proactively introducing renewable energy equipment, it communicates with upstream suppliers on getting approvals for carbon emissions and prioritizing 100 % the purchase of raw materials and regular materials with fewer carbon emissions per unit product to reduce emissions at each segment of the product’s life cycle and to hopefully provide customers with environmentally-friendly and low-carbon-emission products.</p> <p>6. (1) Develop low-carbon raw materials, (2) Accelerate clean production and carry out low-carbon transformation, (3) Increase the percentage of green energy products.</p> <p>7. Currently, internal carbon pricing is not used as a planning tool, and future planning will be based on the impact of climate change.</p> <p>8. (1) Greenhouse gas emission intensity reduction target: Taking 2020 as the baseline, the greenhouse gas emission intensity (based on revenue) is reduced by 4% per year, and by 2025 it will be reduced by at least 20%. (2) Water consumption intensity reduction: Taking 2020 as the baseline, the water consumption intensity (based on revenue) is reduced by 4% per year, and will be reduced by at least 20% by 2025. (3) Planning solar power generation area: by</p>
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and quantity of carbon reduction credits to be exchanged or the quantity of RECs should be stated. 9. The greenhouse gas inspection and confirmation status are shown in the table below.	2025, it will account for 2% of the electricity consumption of Huangshi Plant.
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<p>The basic information of the Company</p> <p><input type="checkbox"/> Companies with a capital of NTD 10 billion or more, iron and steel industry, cement industry</p> <p><input type="checkbox"/> Company with a capital of NTD5 billion or more but less than NTD10 billion</p> <p><input checked="" type="checkbox"/> Companies with capital less than NTD5 billion</p>	<p>Information shall be disclosed in accordance with the provisions of the sustainable development roadmap of listed companies</p> <p><input type="checkbox"/> Individual inspection of parent company</p> <p><input type="checkbox"/> Inspection of subsidiary in consolidated financial report</p> <p><input type="checkbox"/> Individual assurance of parent company</p> <p><input type="checkbox"/> Assurance of subsidiary in consolidated financial report</p> <p><input checked="" type="checkbox"/> No need to be disclosed yet</p>
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Scope 1	total emissions (metric tons CO2e)	Intensity (metric tons CO2e/NTD in million)	Assurance Institute	Assurance status explanation
The Company	14.62	NA	DQS	On April 28, DQS Holding GmbH was appointed to conduct an external inspection (the inspection has not been completed before the annual report is published)
Kunshan	3,780.64	0.61		
Huangshi	13,900.10	1.53		
Total	17,695.36	1.16		
Scope 2	total emissions (metric tons CO2e)	Intensity (metric tons CO2e/NTD in million)	Assurance Institute	Assurance status explanation
The Company	77.17	NA	DQS	On April 28, DQS Holding GmbH was appointed to conduct an external inspection (the inspection has not been completed before the annual report is published)
Kunshan	93,505.53	15.05		
Huangshi	90,803.43	10.02		
Total	184,386.13	12.07		

(H) Implementation of performing Ethical management and differences from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
<p>1. Establish ethical operational policy and program</p> <p>a. Does the company formulate the integrity management policy approved by the board of directors, and have the policy and practice of the integrity management explicitly stated in the regulations and external documents as well as the board and senior management's commitment to implement the operation policy proactively?</p> <p>b. Does the company establish an assessment mechanism for the risk of dishonesty, regularly analyze and evaluate business activities with a high risk of dishonesty in the business scope, and accordingly formulate a plan to prevent dishonesty, and at least covers the measures to prevent the behaviors stated in the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" Article 7 - second paragraph?</p>	V		<p>a. The Company's corporate culture: integrity, enthusiasm, customer's trust and innovation after passed by board meeting are well shown in the primary documents that the company issues internally and externally. The Company refers to the listed company's Code of Integrity Practice, and established the "Integrity Code of Practice" of the Company with board meeting approval, and disclosed it on the company's website. The Board of Directors and all senior management have actively implemented the operational policies.</p> <p>b. The company's risk assessment mechanism includes an dishonest/unethical behavior item for a periodic analysis and evaluation on business activities with a high risk of dishonesty in the business scope, and devise a measure accordingly to prevent dishonesty. Prior to conducting business, the Company always takes the licensors, suppliers, clients, or other business partners' legality and whether they have committed any unethical</p>	None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
c. Does the company clearly specify the operating procedures, behavior guidelines, disciplinary and punishment and appeal system in unethical conduct prevention plan, and implement it, and regularly review and revise the pre-disclosed plan?			<p>conducts into consideration, to avoid trading with unethical individuals. Moreover, The Company signs contracts with trading partners, in which compliance to ethical business policy is included. Should a trading partner exhibit unethical behavior, The Company can terminate the contract immediately.</p> <p>c. To encourage employees and vendors and suppliers to voluntarily provide information pertaining to corruption, The company has set a "Reward Operating Measures of Reporting", and set up CEO email (ceo@dynamicpcb.com) which is devoted to handling reporting on The Company's staff or vendors/suppliers' illegal activities from all sources. Every email will be personally read by the Chairman, and if the suspected crime is significant, it will be verified by the Legal Office. If proven to be true, the suspect will be handed over to police and prosecutors. The whistleblower will receive definite rewards. To increase reporting access in year 2016, new exclusive mobile lines were added in both Taoyuan Operational Center and Kunshan plant, and all the suppliers were informed; meanwhile, adding the integrity</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
			provisions that are added to all external documents, and send an e-mail to notify the corresponding company employees. Manager of Legal Office is responsible to receive calls and messages. All reported information will be reported to the chairman for further investigation. The investigation results will be handled according to the above measures. The above measures were applied simultaneously upon the official operation of Huangshi Factory.	
<p>2. Implementation of ethical business operations</p> <p>a. Has the company assessed the integrity records of its business partners, and specified ethical business policy in contracts with its trading partners?</p> <p>b. Does the company establish a special unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) report to the board on its integrity management policies, unethical conduct prevention plan and implementation of supervision?</p>	V		<p>a. The Company always assesses the integrity records of its trading partners and clearly specifies ethical business policy in contracts signed. The Company always signs quality assurance contract, purchasing commitment, honesty commitment, and warranty for prohibiting the usage of toxic matters etc. with its trading partners.</p> <p>b. To strengthen the management of ethical business operations, the 【Legal Office】 , directly under the Board of Directors, is responsible for setting up and supervising the execution of the ethical business policy and preventative measures. Report to the board of directors at least once a year. The report</p>	None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
			<p>time of year 2022 was Aug. 4.</p> <p>The main matters in charge:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values in the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at higher risk for unethical conduct. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system and ensuring its operating effectiveness. 	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
<p>c. Has the company set up policies to prevent conflict of interest, offer and implement appropriate reporting channels?</p> <p>d. Have the company established an effective accounting system and internal control system for</p>			<p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p> <p>Implementation in year 2022</p> <p>1. Education and training: Conducting education on integrity promotion, with a total of 5,954 person-times and 2,977 hours.</p> <p>2. CEO mailbox received reports of cases: No complaint letter was received from the CEO mailbox in 2022.</p> <p>c. The Company has set up policies to prevent conflict of interest, and offers appropriate channels for the directors, managers, and other stakeholders, or stakeholders within the board of directors, to proactively explain whether or not he/she poses potential conflict of interest with The Company and avoid getting involved in it.</p> <p>d. The company has always paid attention to ensuring the accuracy and completeness of</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
<p>the implementation of integrity management and have the internal audit unit formulate the relevant audit plan based on the assessment results of the risk of dishonesty, and monitor the compliance with the plan to prevent dishonesty, or appoint accountant to perform the audit?</p> <p>e. Does the company host routine internal and external ethical business operations training?</p>			<p>its financial reporting process and control, and has designed relevant internal control systems for operating procedures with a potentially high risk of dishonesty. The internal audit team also conducts various audits based on the annual audit plan prepared by risk assessment results, and reports the audit results and subsequent improvement plans to the board of directors and management in order to achieve audit effectiveness. In addition, through the annual corporate internal control self-assessment, all units and subsidiaries of the company must self-examine the effectiveness of the design and implementation of the internal control system.</p> <p>e. All new employees of the company are required to receive internal integrity education training. The relevant personnel are also scheduled to participate in Internal and external training related to integrity-related courses.</p>	
<p>3. Operations of the company's reporting system</p> <p>a. Has the company established a material reporting and rewarding system, set up a convenient reporting channel, and designates appropriate personnel to be in charge of investigating the case, depending on</p>	V		<p>a. The Company amended the "Rewards Operation of Violation Reporting" on March 13th 2023 and disclosed on the Company's website. The detailed information of specific</p>	None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
the identity of the person being reported?			<p>reporting and reward system is as follows:</p> <ol style="list-style-type: none"> 1. Reporting channels: Chairman's independent reporting mailbox (ceo@dynamicpcb.com); dedicated telephone line (+886-980-051-059); or write to the company's unreasonable mailbox, email to the company's supervisor's mailbox, etc. 2. Information to be provided by the informant: The content of the report should include the name of the reported person or other information sufficient to identify the identity of the reported person, specific evidence to be investigated, and relevant evidence and proof of dishonesty or misconduct ; The matter of reporting should be objective and true, and the whistleblower is responsible for the authenticity of the content of the report, and must not fabricate or distort facts, and must not make false accusations or frames. Reporters who have only heard rumors will not be accepted for investigation. 3. Acceptance level of different reporting objects: The chairman's mailbox is received by the chairman himself, and the case is submitted to the legal office for investigation after the acceptance is confirmed; the remaining reporting sent to other mailboxes 	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
b. Does the company establish the standard operating procedures for the investigation of the complaint report, the follow-up measures after the			<p>are passed to the chairman by the recipient and then handed over to the legal office for acceptance and investigation according to instructions. If the report involves ordinary employees, it should be reported to the head of the department; if it involves a director or senior executive, it should be reported to the independent director or supervisor.</p> <p>4. Reward system</p> <p>(1) Reward will be given out after the case has been closed and the amount has been quantified.</p> <p>(2) Real-name whistleblower reports with evidence will be rewarded 50% of the restored amount, but no more than NT\$ 10 million.</p> <p>(3) Real-name whistleblower reports without evidence will be rewarded 25% of the restored amount, but no more than NT\$ 5 million.</p> <p>(4) With permission from the Chairman, the monetary reward for reporting personnel who offer extra significant service can exceed the above limit.</p> <p>b. Operating procedures and relevant confidentiality mechanism</p> <p>The chairman receives and reads the case,</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
<p>investigation is completed and the relevant confidentiality mechanism?</p> <p>c. Has the company set up protection for the reporting individual to prevent the person being subjected to inappropriate measures from reporting on the case?</p>			<p>instructs the legal affairs to investigate, contact/protect the whistleblower, and then the legal affairs report the investigation results to the chairman and advise on the handling of the case (bonus adjustment, disciplinary action, improvement direction of the unit) and the results of the investigation shall be stored in written or electronic form for a period of at least five years. During the processing process, the case and the informant are kept strictly confidential.</p> <p>c. The Company set the “Whistleblower Channel and Protection Regulation Operating Procedure”, passed by the board of directors on August 25, 2022, setting the whistleblower channel, encourage the whistleblower to report on crimes, and protect the whistleblower from being treated inimically by reporting on violations. The procedure book is disclosed on the Company’s website.</p>	
<p>4. Enhance information disclosure</p> <p>Has the Company disclosed the contents and effectiveness of implementing its ethical corporate policy on its website and MOPS?</p>	V		Both the Company's website and the MOPS contain information disclosure pertaining to the content of The Company's “Integrity Management Code”. The promotion results are detailed in the sustainability report and the	None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
			company website.	
5. If the company has set Code of Ethical Business Conduct according to the Code of Practice for Listed Companies, please elaborate on the deviations of its operations from the policy: none.				
6. Other important information to understanding the operations of the company's ethical business operations (for instance, if the company has made revisions to its previously established ethical business policy etc.): none.				

- (H) For details on The Company's Corporate Governance Code of Practice and other relevant policies, please see:
1. MOPS/Company Code of Practice section
(http://mops.twse.com.tw/mops/web/t100sb04_1)
 2. Dynamic website/Corporate Governance Special Zone
(<https://www.dynaholding.com/csr/rule.html#s6>)
- (I) Other important information that can strengthen the understanding of the operations of the company's corporate governance: In the recent years, Dynamic had actively enhanced corporate governance performance to connect with international trends by the full support and guidance of the Board of Directors. Dynamic has been ranked top 5% of the governance evaluation for 6 consecutive years. The unreached items will be continuously improved, hoping to strengthen the ability of sustainable development while reducing operational risk, and earn the credit from the investors.
- (J) The follows should be disclosed concerning the conditions of carrying out the internal control system:
1. Please refer to the Internal control statement of this handbook.
 2. Those who entrust accountants to verify internal control system, should disclose the accountants' evaluation report: none.
- (K) From the most recent year up until the date stated on this report, explain the conditions in which the company and its personnel have been punished by law, the company has punished its personnel for breaching internal control system, and primary failures and revisions: none.
- (L) Important decisions from the shareholder's meeting and the Board of Directors, from the most recent year to the date on the Annual Report

Board of Directors / Shareholder's meeting	Date of Board of Directors / Interim meeting	Important Resolutions
Board of Directors	First (Interim) BoD in 2022 2022/05/24	Election of the Chairman of current term.
Board of Directors	Second BoD in 2022 2022/08/25	1. Appointment of the 11th term directors of Dynamic Electronics Co., Ltd.
		2. Appointment of the 12th term directors of Dynamic Electronics Co., Ltd.
		3. Manager appointment and salary & benefits Review
		4. Formulation of the Company's internal control regulations.
		5. Formulation of the Company's Level Of Authority Table.
		6. The Company's 2022 annual audit plan.
		7. Formulation of the Company's "Corporate Social Responsibility Code of Practice" and "Social Welfare Donation Measures".
		8. Formulation of the Company's " Ethical Corporate Management Best Practice Principles "
		9. Formulation of the Company's "Reporting and Rewarding Operation Measures".

Board of Directors / Shareholders meeting	Date of Board of Directors / Interim meeting	Important Resolutions
		<p>10. Formulation of the Company's "whistleblower channel and protection system operating procedures"</p> <p>11. Formulation of the Company's "Directors, Supervisors and Managers Ethical Code of Conduct" and "Employee Ethical Code of Conduct".</p> <p>12. Formulate the company's "Corporate Governance Best Practice Principles".</p> <p>13. Formulation of the Company's "Procedures for Handling Material Inside Information".</p> <p>14. Formulation of the Company's "Procedures for application for suspension and resumption of trading operations".</p> <p>15. Establishment of the company's "Accounting System".</p> <p>16. Authorization of the confirmation personnel for the Company's derivatives transaction.</p> <p>17. Authorization of the custodian of the Company's seal for endorse and guarantee.</p> <p>18. Establishment of "Special Committee".</p> <p>19. Increase in the capital expenditure budget for the Plant II construction of the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd."</p>
Board of Directors	Third BoD in 2022 (2022.09.02)	<p>1. Proposal of the Company's endorsement guarantee for the financing line of the group company.</p> <p>2. The Company's subsidiary Dynamic Electronics (Huangshi) Co., Ltd.'s IPO of RMB common shares (A shares) and application for listing on stock exchanges in mainland China.</p> <p>3. To attract and retain the talents needed by the company, carry out the cash capital increase of Dynamic Electronics (Huangshi) Co., Ltd. for employees to subscribe for shares.</p> <p>4. Relevant matters on holding the 1st Special meeting of shareholders in 2022.</p> <p>5. Set up a dedicated unit for internal material information.</p> <p>6. Propose the Company's "Organizational Chart".</p>
Board of Directors	Fourth BoD in 2022 (2022.10.20)	<p>1. The company reinvested in Thailand "Dynamic Technology Manufacturing (Thailand) Co., Ltd." (tentative name) through reinvested China-based business Dynamic Electronics (Huangshi) Co., Ltd.</p> <p>2. In response to the long-term capital utilization of the group, The Shanghai Commercial & Savings Bank was appointed to organize syndicated loans.</p> <p>3. Application for the bank financing line of the group company.</p> <p>4. Proposing an endorsement guarantee for the financing line of the group company.</p> <p>5. Amendment to the Articles of Association of Dynamic Electronics (Huangshi) Co., Ltd.</p> <p>6. Evaluation of the Company's appointed accountant and its independence.</p> <p>7. Supplementary explanation of the cash capital increase case of Dynamic Electronics (Huangshi) Co., Ltd. (hereinafter referred to as Dynamic Huangshi).</p> <p>8. Establish the Company's "Remuneration Committee" and appoint members of the 1st term Remuneration Committee.</p> <p>9. Formulation of the Company's "Rules for Performance Evaluation of Board of Directors"</p>

Board of Directors / Shareholders meeting	Date of Board of Directors / Interim meeting	Important Resolutions
		10. Formulation of the Company's "Standard Operating Procedures for Handling Directors' Requests".
Board of Directors	Fifth BoD in 2022 (2022.11.03)	1. 2022 Q3 consolidated financial statement case.
		2. Application for the bank financing line of the group company.
		3. Considering the flexible use of the group's long-term funds, apply for a loan from the subsidiary Dynamic Electronics Co., Ltd. to the parent company Dynamic Holding Co., Ltd.
		4. Increase in capital expenditure budget for Plant II construction of "Dynamic Electronics (Huangshi) Co., Ltd."
		5. Review of salary and benefits for senior executives.
Board of Directors	Sixth BoD in 2022 (2022.11.29)	1. Formulation of the Company's "Subsidiary Supervision Measures".
		2. Nominated the director of Dynamic Electronics (Huangshi) Co., Ltd. 1st term board of directors through the 100% indirect-shareholding reinvested company Dynamic Electronics Holding Pte.
Board of Directors	Seventh BoD in 2022 (2022.12.15)	1. Propose the capital expenditure budget case of Plant I of the reinvested business in mainland China "Dynamic Electronics (Huangshi) Co., Ltd."
		2. Increase in the capital expenditure budget for the second phase of Plant II of the reinvested business in mainland China, Dynamic Electronics (Huangshi) Co., Ltd.
		3. The company's 2023 annual audit plan.
		4. Proposed revision of the Company's 2022 budget.
		5. Propose the Company's "2023 Business Plan".
		6. Application for the bank financing line of the group company.
		7. Propose the company's endorsement guarantee for the financing line of the group company.
		8. Considering the flexible use of the group's long-term funds, apply for a capital loan from mainland business Dynamic Electronics (Kunshan) Co., Ltd. to mainland business Dynamic Electronics (Huangshi) Co., Ltd.
		9. Revise the company's "Procedures for Handling Material Inside Information".
		10. Update the succession plan of the group.
		11. The 2022 annual director's remuneration and employee remuneration distribution plan.
		12. Formulation of the Company's "management measures for managers' compensation" and "management measures for official vehicles".
		13. Review of various salary and remuneration projects the Company plans to implement in 2023.
		14. The 2023 action plan of the Company's remuneration committee.
Board of Directors	First BoD in 2023 (2023.02.24)	1. Issuing the "Statement of Internal Control System".
		2. Increase in the capital expenditure budget for the automation needs of Plant I of reinvested business in mainland China, "Dynamic Electronics Co., Ltd."
		3. Increase in the capital expenditure budget for the construction of Plant II of reinvested business in mainland China, "Dynamic Electronics Co., Ltd."
		4. Propose the Company's "2023 budget".
		5. Application for the bank financing line of the group company.

Board of Directors / Shareholders meeting	Date of Board of Directors / Interim meeting	Important Resolutions
		6. Reassignment of director of Dynamic Electronics Holding Pte. Ltd. 7. Formulation of the Company's "General Policy for Pre-approval of Non-assurance Service Prior Agreement". 8. 2022 Annual Board Performance Evaluation Results. 9. Amendment to the "Articles of Association". 10. Proposal to amend the "Rules of Procedure for the Shareholders' Meeting". 11. Amendment and renaming of the "Procedure for election of Directors and Supervisors". 12. Comprehensive re-election of directors. 13. Date, venue, method of holding the 2023 general meeting of shareholders and related matters on acceptance of shareholder proposals and nomination. 14. Formulation of the Company's "Management Measures for Annual Performance Evaluation of Managers". 15. The actual distribution of salaries and remuneration to directors and managers in 2022. 16. 2022 annual manager performance appraisal index review.
Board of Directors	Second BoD in 2023 (2023.03.15)	1. 2022 employee remuneration and director remuneration distribution plan. 2. 2022 annual business report, unconsolidated financial statements and consolidated financial statements. 3. The Company's 2022 earnings distribution plan. 4. Formulation of the Company's "Audit Committee Organization Regulations". 5. Formulation of the Company's "Nomination Committee Organization Regulations". 6. The date, venue, method of holding the 2023 General Meeting of Shareholders and matters related to acceptance of shareholder proposals and nominations shall be submitted for discussion (supplementary report matters).
Shareholders meeting	Interim meeting in 2022 (2022.07.20)	The company's subsidiary Dynamic Electronics (Huangshi) Co., Ltd. made its IPO of RMB common shares (A shares) and applied for listing on stock exchanges in mainland China. Review of the implementation status: On December 16, 2022, the Hubei Securities Regulatory Bureau of the China Securities Regulatory Commission has filed a case for Dynamic Huangshi to accept the counseling of Minsheng Securities, but it has not yet submitted the application. There are still uncertainties and unpredictability about the time of submission and the length of the application period.

(M) From the most recent year to the date on the annual report, the director that holds different opinions from the Board's decision and has documented this opinion, the main content of this opinion is: From year 2022 to the date on the annual report, there was no different opinion held by the directors from the Board's decision.

(N) From the most recent year to the date on the annual report, a summary of the resignation and dismissal of company personnel: none

E. Accountant Public Expense Information

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
Ernst & Young Taiwan	Chi-ming Chang	Kuo-shuai Chen	2022/1/1~2022/12/31	-

Unit: NTD thousands

Fee range		Fee items	Audit Fee	Non-audit Fee	Total
1	Less than 2,000 thousand NTD			v	1,180
2	2,000 thousands (inclusive) ~ 4,000 thousand				
3	4,000 thousand (inclusive) ~ 6,000 thousand				
4	6,000 thousand (inclusive) ~ 8,000 thousand		v		6,180
5	8,000 thousand (inclusive) ~ 10,000 thousand				
6	Over 10,000 thousand (inclusive)				

Accounting firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System design	Industrial/commercial registration	Human resources	Others	Sum		
Ernst & Young Taiwan	Chi-ming Chang	6,180	0	405	0	775	1,180	2022/1/1~2022/12/31	
	Kuo-shuai Chen								

- (A) For companies whose non-audit shared expenses account for 1/4 or more of the audit shared expenses paid to CPA, audit firms of the CPA, or its affiliated firms, should disclose the amount of audit and non-audit shared expenses, and the service details of non-audit expenses: none.
- (B) Companies that have switched accounting firms and whose annual audit shared expenses are less than that of the previous year prior to the switch: none.
- (C) For companies whose audit shared expenses have decreased by 15% or more, the ratio of the decrease in audit shared expense and the reason should be disclosed: none.

F. Replacement of CPA:

If the company has changed accountants in the most recent two years and subsequent period, the explanation is as follows:

(A) About the former accountant

Date of replacement	Sep. 7 th 2021		
Reason for replacement and explanation	Internal rotation of accountants in the accounting firm		
Explaining whether the appointor terminated the cooperation or the accountant did not accept the appointment	<div>Party involved</div> <div>Situation</div>	Accountant	Appointer
	Termination by appointer	Not applicable	Not applicable
	Accountant no longer accept (continue) appointment	Not applicable	Not applicable
Opinions and reasons for the issued audit reports in addition to unqualified opinion within the latest two years	No such circumstance		
Different opinion from the issuer	Yes		Accounting Principles and Practices
			Disclosure of financial report
			Audit Scope and Procedure
			Other
	No	V	
	Explanation		
Other disclosures (Article 10, Paragraph 6, Item 1-4 to 7 of the Guidelines shall be disclosed)	No		

(B) About the successive accountant

Name of the Firm	Ernst & Young
Name of the Accountant	Chi-ming Chang Kuo-shuai Chen
Date of Appointment	Sep. 7 th 2021
Consultation matters and results regarding the accounting handling methods or accounting principles of specific transactions and issuance of financial reports before his appointment	No
Successive accountants' written opinion on the issues that are dissenting from former accountant	No

(C) The former accountant's reply to Article 10, paragraph 6, item 1 and item 2-3 of this Guideline: None.

G. Have any of the company's Chairman, President, or manager responsible for finance or accounting duties served in a CPA accounting firm or its affiliated company in the last year: none.

H. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

(A) Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2022		As of Mar. 20, 2023	
		Increase/decrease in shares held	Increase/decrease in equity pledges	Increase/decrease in shares held	Increase/decrease in equity pledges
Chairman	Ken Huang	0	0	0	0
Corporate Director	Hung-Li Investments Co., Ltd.	0	0	0	0
Representative of Corporate Director	Bill Nee	0	0	0	0
Director	Heng-yih Liu	0	0	0	0
Corporate Director	Ming-Ji Investments Co., Ltd.	0	0	0	0
Representative of Corporate Director	Yuan-chun Sun	0	0	0	0
Director	Jonathan Lin	0	0	0	0
Supervisor	Eric Chen	0	0	0	0
Supervisor	Anna Chen	0	0	0	0
Supervisor	Martin Lin	0	0	0	0
President	Jean Liu	25,000	0	0	0
VP	Lily Chiang	0	0	0	0
Financial Director	Cathy Ni	0	0	0	0
Accounting Director	Cathy Ni	0	0	0	0
Corporate Governance Director	Jean Liu	25,000	0	0	0
Auditing Director	Hsin-Yi Tsai	0	0	0	0

(B) Shares Trading with Related Parties: none.

(C) Shares Pledge with Related Parties: none.

I. Information of the Relationship among the Top Ten Shareholders

As of Mar. 20, 2023

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Ken Huang	11,162,071	4.02%	185,736	0.07%	0	0.00%	Hung-Li Investment Co., Ltd.	Company Chairperson is the spouse of this individual.	
							Chien-Hung Investment Co., Ltd.		
Hsiu-Ching Chen	9,895,896	3.57%	0	0.00%	0	0.00%	Ming-Ji Investments Co., Ltd.	Company Chairperson is this individual.	
Hung-Li Investment Co., Ltd. Representative: Tiffany Chan	9,497,735	3.42%	0	0.00%	0	0.00%	Ken Huang	Spouse is the company Chairperson.	
	185,736	0.07%	11,162,071	4.02%	0	0.00%	Chien-Hung Investment Co., Ltd.	Chairperson and the company Chairperson is the same person..	
Citi Bank (Taiwan) in custody for the investment account of Polunig Emerging Market Fund Co., Ltd.	5,397,186	1.94%	0	0.00%	0	0.00%	NA	NA	
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund investment account, a series of Vanguard Star Funds	4,559,365	1.64%	0	0.00%	0	0.00%	NA	NA	
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund investment account, a series of Vanguard Star Funds	3,950,804	1.42%	0	0.00%	0	0.00%	NA	NA	
JPMorgan Chase Bank Taipei Branch in custody for the investment account of Vanguard Emerging Markets Stock Index Fund	3,705,533	1.34%	0	0.00%	0	0.00%	NA	NA	
Chien-Hung Investment Co., Ltd. Representative: Tiffany Chan	3,069,023	1.11%	0	0.00%	0	0.00%	Ken Huang	Spouse is the company Chairperson.	
	185,736	0.07%	11,162,071	4.02%	0	0.00%	Hung-Li Investment Co., Ltd.	Chairperson and the company Chairperson is the same person.	
Ming-Ji Investments Co., Ltd. Representative: Hsiu-Ching Chen	2,976,037	1.07%	0	0.00%	0	0.00%	Hsiu-Ching Chen	Is the Chairperson of the company.	
	9,895,896	3.57%	0	0.00%	0	0.00%	Hsiu-Ching Chen	Is this individual.	
Ying-Fu Chang	2,170,000	0.78%	0	0.00%	0	0.00%	NA	NA	

- J. The number of shares held by the Company, the Company's directors, managers and the companies directly or indirectly controlled by the Company in the same investment business, and combined to calculate the comprehensive shareholding ratio

Unit: thousand shares; %

Affiliated Enterprises (Note 1)	Ownership by the Company		the Company's directors, managers and the companies directly or indirectly controlled by the Company		Total Ownership	
	Shares	%	Shares	%	Shares	%
Dynamic Electronics Co., Ltd.	277,548,934	100.00%	-	-	277,548,934	100.00%
WINTEK (MAURITIUS) CO., LTD.	-	-	8,581	100.00%	8,581	100.00%
Dynamic Electronics Holding Pte. Ltd.	-	-	141,917	100.00%	141,917	100.00%
Dynamic Electronics Co.,Ltd.(Note 2)	-	-	376,277,619	97.8541%	376,277,619	97.8541%
Dynamic PCB Electronics Co., Ltd.	-	-	49	97.8541%	49	100.00%
Dynamic Electronics Co.,Ltd. (Seychelles)	-	-	49	97.8541%	49	100.00%
Dynamic Electronics Overseas Investment Holding Pte. Ltd.(Note 3)	-	-	49	97.8541%	49	100.00%
Dynamic Electronics (Kunshan) Co.,Ltd.	-	-	(Note 4)	97.8541%	(Note 4)	100.00%

Note 1: The above refers to long-term investment made by the Company through utilizing the equity method.

Note 2: Dynamic Electronics (Huangshi) Co., Ltd. changed its name to Dynamic Electronics Co., Ltd. on February 16, 2023.

Note 3: Dynamics Electronics Trading Pte. Ltd. changed its name to Dynamic Electronics Overseas Investment Holding Pte. Ltd. on February 24, 2023.

Note 4: It is a limited company, so there is no shares amount.

IV. Capital Overview

A. Capital and Shares

(A) Source of equity

1. Issued Shares

Unit: NTD thousands; 1,000 shares

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1988/08	1,000	12	12,000	12	12,000	Setup capital	-	
1996/11	1,000	28	28,000	28	28,000	Cash capital increase 16,000 thousand NTD	-	Note 1
1998/04	10	9,800	98,000	9,800	98,000	Cash capital increase 70,000 thousand NTD	-	Note 2
1998/12	10	13,800	138,000	13,800	138,000	Reinvested profit 40,000 thousand NTD	-	Note 3
2001/12	10	25,100	251,000	25,100	251,000	Reinvested profit 113,000 thousand NTD	-	Note 4
2002/04	10	42,000	420,000	42,000	420,000	Cash capital increase 40,000 thousand; reinvested profit 129,000 thousand NTD	-	Note 5
2003/09	10	80,000	800,000	56,000	560,000	Reinvested profit 126,000 thousand; reinvested employee dividend 14,000 thousand NTD	-	Note 6
2004/11	10	80,000	800,000	62,000	620,000	Reinvested profit 56,000 thousand; reinvested employee dividend 4,000 thousand NTD	-	Note 7
2004/12	10	80,000	800,000	65,000	650,000	Reinvested capital reserve 30,000 thousand NTD	-	Note 8
2005/02	25	80,000	800,000	80,000	800,000	Cash capital increase 150,000 thousand NTD	-	Note 9
2005/08	10	170,000	1,700,000	103,563	1,035,632	Reinvested profit 235,632 thousand NTD	-	Note 10
2005/11	28	170,000	1,700,000	121,163	1,211,632	Cash capital increase 176,000 thousand NTD	-	Note 11
2006/09	10	300,000	3,000,000	160,550	1,605,499	Reinvested profit 363,490 thousand; reinvested employee dividend 30,377 thousand NTD	-	Note 12
2006/10	36	300,000	3,000,000	177,425	1,774,249	Cash capital increase 168,750 thousand NTD	-	Note 13
2007/09	10	300,000	3,000,000	215,194	2,151,940	Reinvested profit 354,850 thousand; reinvested employee dividend 22,841 thousand NTD	-	Note 14
2008/10	10	300,000	3,000,000	238,468	2,384,678	Reinvested profit 215,194 thousand; reinvested employee dividend 17,543 thousand NTD	-	Note 15
2009/03	10	300,000	3,000,000	261,468	2,614,678	Cash capital increase 230,000 thousand NTD	-	Note 16
2010/02	10	300,000	3,000,000	262,402	2,624,023	Employee stock option certificate 9,345 thousand NTD	-	Note 17
2010/05	10	300,000	3,000,000	262,760	2,627,603	Employee stock option certificate 3,580 thousand NTD	-	Note 18

2010/08	10	300,000	3,000,000	262,775	2,627,753	Employee stock option certificate 150 thousand NTD	-	Note 19
2010/11	10	400,000	4,000,000	262,785	2,627,853	Employee stock option certificate 100 thousand NTD	-	Note 20
2011/8	10	400,000	4,000,000	286,436	2,864,360	Reinvested profit 236,507 thousand NTD	-	Note 21
2012/10	10	400,000	4,000,000	293,559	2,935,594	Reinvested profit 71,234 thousand NTD	-	Note 22
2013/07	10	400,000	4,000,000	287,559	2,875,594	Treasury shares decrease by 60,000 thousand NTD	-	Note 23
2013/12	10	400,000	4,000,000	286,059	2,860,594	Treasury shares decrease by 15,000 thousand NTD	-	Note 24
2015/11	10	400,000	4,000,000	281,059	2,810,594	Treasury shares decrease by 50,000 thousand NTD	-	Note 25
2020/06	16	400,000	4,000,000	311,059	3,110,594	Cash capital increase 300,000 thousand NTD	-	Note 26
2020/11	10	400,000	4,000,000	277,514	2,775,140	Capital reduction to make up for losses 335,453 thousand NTD	-	Note 27
2022/01	10	400,000	4,000,000	277,518	2,775,183	Issuing new shares by Convertible Bond	-	Note 28
2022/05	10	400,000	4,000,000	277,540	2,775,400	Issuing new shares by Convertible Bond	-	Note 29
2022/08	10	400,000	4,000,000	277,548	2,775,490	Issuing new shares by Convertible Bond	-	Note 30

Note 1: 1996/11/13; approval document no. 85 Chien San Keng Tzu 710053.

Note 2: 1998/04/04; approval document no. 87 Chien San Yi Tzu 143958.

Note 3: 2001/12/02; approval document no. Ching 87 Shang 142895.

Note 4: 2001/12/14; approval document no. Ching (090) Shang 09001487720.

Note 5: 2002/04/29; approval document no. Ching Shou Shang Tzu 09101147450.

Note 6: 2003/09/04; approval document no. Ching Shou Shang Tzu 09201259500;
2003/07/09; approval document no. Tai Tsai Cheng Yi Tzu 0920130533.

Note 7: 2004/11/02; approval document no. Ching Shou Shang Tzu 09301206230 ;
2004/10/20; approval document no. Chin Kuan Cheng Yi Tzu 0930147189.

Note 8: 2004/12/08; approval document no. Ching Shou Shang Tzu 09301232510 ;
2004/10/20; approval document no. Chin Kuan Cheng Yi Tzu 0930147189.

Note 9: 2005/02/17; approval document no. Ching Shou Shang Tzu 09401024410 ;
2004/12/24; approval document no. Chin Kuan Cheng Yi Tzu 0930146065.

Note 10: 2005/08/24; approval document no. Ching Shou Shang Tzu 09401164480 ;
2005/06/28; approval document no. Chin Kuan Cheng Yi Tzu 0940125941.

Note 11: 2005/11/21; approval document no. Ching Shou Shang Tzu 09401233030 ;
2005/08/25; approval document no. Chin Kuan Cheng Yi Tzu 0940135458.

Note 12: 2006/09/25; approval document no. Ching Shou Shang Tzu 09501215550 ;
2006/07/21; approval document no. Chin Kuan Cheng Yi Tzu 0950131965.

Note 13: 2006/10/13; approval document no. Ching Shou Shang Tzu 09501231670 ;
2006/08/07; approval document no. Chin Kuan Cheng Yi Tzu 0950135357.

Note 14: 2007/09/26; approval document no. Ching Shou Shang Tzu 09601233900 ;
2007/07/30; approval document no. Chin Kuan Cheng Yi Tzu 0960040075.

Note 15: 2008/10/15; approval document no. Ching Shou Shang Tzu 09701262170 ;
2007/07/29; approval document no. Chin Kuan Cheng Yi Tzu 0970038054.

Note 16: 2009/03/30; approval document no. Ching Shou Shang Tzu 09801059010 ;
2008/11/18; approval document no. Chin Kuan Cheng Yi Tzu 0970059731.

Note 17: 2010/02/09; approval document no. Ching Shou Shang Tzu 09901029760.

Note 18: 2010/05/04; approval document no. Ching Shou Shang Tzu 09901089700.

Note 19: 2010/08/02; approval document no. Ching Shou Shang Tzu 09901174390.

Note 20: 2010/11/02; approval document no. Ching Shou Shang Tzu 09901245330.

Note 21: 2011/08/29; approval document no. Ching Shou Shang Tzu 10001199020.

Note 22: 2012/10/16; approval document no. Ching Shou Shang Tzu 10101211780.

Note 23: 2013/07/18; approval document no. Ching Shou Shang Tzu 10201122700.

Note 24: 2013/12/17; approval document no. Ching Shou Shang Tzu 10201255080.

Note 25: 2015/11/25; approval document no. Ching Shou Shang Tzu 10401247230.

Note 26: 2020/06/30; approval document no. Ching Shou Shang Tzu 10901112310.

Note 27: 2020/11/25; approval document no. Ching Shou Shang Tzu 10901224790.

Note 28: 2021/01/25; approval document no. Ching Shou Shang Tzu 11101008270.

Note 29: 2022/08/19; approval document no. Ching Shou Shang Tzu 11101161440.

Note 30: 2022/08/18; approval document no. Ching Shou Shang Tzu 11101161440.

Note 31: The shareholders' meeting of Dynamic Electronics Co., Ltd. on May 20, 2022 resolved to approve the establishment of the new company "Dynamic Holding Co., Ltd." (hereinafter referred to as Dynamic Holding) by way of share swap. Dynamic Electronics Co., Ltd. becomes a 100% subsidiary of Dynamic Holding.

2. Type of Stock

Type of Share	Authorized capital			Remarks
	Issued Shares	Un-issued shares	Total	
Registered Common stock	277,548,934	122,451,066	400,000,000	-

3. Information for Shelf Registration: not applicable.

(B) Shareholder Structure

As of Mar. 20, 2023

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	5	144	35,535	82	35,766
Shareholding (shares)	0	3,692,626	17,575,700	218,546,436	37,734,172	277,548,934
Percentage	0.00%	1.33%	6.33%	78.74%	13.60%	100.00%

(C) Shareholding Distribution Status

As of Mar. 20, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	16,403	2,308,563	0.83%
1,000 ~ 5,000	13,914	31,096,421	11.20%
5,001 ~ 10,000	2,699	22,242,999	8.01%
10,001 ~ 15,000	739	9,438,601	3.40%
15,001 ~ 20,000	585	10,992,722	3.96%
20,001 ~ 30,000	473	12,276,135	4.42%
30,001 ~ 40,000	187	6,778,133	2.44%
40,001 ~ 50,000	174	8,191,826	2.95%
50,001 ~ 100,000	303	22,031,208	7.94%
100,001 ~ 200,000	131	18,965,608	6.83%
200,001 ~ 400,000	80	22,058,898	7.95%
400,001 ~ 600,000	33	16,639,507	6.00%
600,001 ~ 800,000	11	7,486,040	2.70%
800,001 ~ 1,000,000	10	9,278,508	3.34%
1,000,001 or above	24	77,763,765	28.02%
Total	35,766	277,548,934	100.00%

(D) List of Major Shareholders (Top 10 in shareholding ratio)

Name	Shareholding	Shares	Percentage
Ken Huang		11,162,071	4.02%
Hsiu-Ching Chen		9,895,896	3.57%
Hung-Li Investment Co., Ltd.		9,497,735	3.42%
Citi Bank (Taiwan) in custody for the investment account of Poluning Emerging Market Fund Co., Ltd.		5,397,186	1.94%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund investment account, a series of Vanguard Star Funds		4,559,365	1.64%
Citibank (Taiwan) Commercial Bank in custody investment fund of the Central Bank of Norway		3,950,804	1.42%
JPMorgan Chase Bank Taipei Branch in custody for the investment account of Vanguard Emerging Markets Stock Index Fund		3,705,533	1.34%
Chien-Hung Investment Co., Ltd.		3,069,023	1.11%
Ming-Ji Investments Co., Ltd.		2,976,037	1.07%
Ying-fu Zhang		2,170,000	0.78%

(E) Fair market value, net worth, profit, dividend per share for the most recent two years and other relevant information

Item		Year	2021	2022	2023/1/1~2022/3/31 (note 8)
Market price per share (note 1)	Highest		25.4	21.25	24.05
	Lowest		15.75	15.95	16.00
	Average		21.06	17.66	18.1
Net worth per share (note 2)	Before allocation		19.89	22.17	N/A
	After allocation		19.89	(Note 9)	N/A
Earnings per share	Weighted average shares (thousand shares)		277,515	277,531	277,531
	Earnings per share (note 3)	Before retroactive adjustment	1.7	1.97	N/A
		After retroactive adjustment	1.7	(Note 9)	N/A
Dividend per share	Cash dividend		0.7	0.8	-
	Stock dividend	From retained earnings	-	-	-
		From paid-in capital	-	-	-
	Accumulated undistributed dividends (note 4)		-	-	-
Return on investment	Price-earnings ratio (note 5)		12.39	8.96	N/A

Year		2021	2022	2023/1/1~2022/3/31 (note 8)
analysis	Price-dividend ratio (note 6)	30.09	22.08	N/A
	Yield on cash dividend (note 7)	3.32	4.53	N/A

Note 1: Shows the highest and lowest market value of common stock in each year, and calculates the average market value for each year based on transaction value and quantity.

Note 2: Please fill this by using the shares already issued by year-end as a basis, and also by referencing the allocation that the shareholders meeting has decided on for the subsequent year.

Note 3: If there are any retroactive adjustment needed due to stock grants, Earnings per share before and after the adjustment should be listed.

Note 4: If there are any conditions in issuing equity securities that allow for unpaid out dividend for the year to be accumulated to subsequent years in which there is profit, the company should separately disclose the accumulated unpaid out dividend up to that year.

Note 5: Price-earnings ratio = average price per share for that year/Earnings per share.

Note 6: Price-dividend ratio = average price per share for that year/cash dividend per share.

Note 7: Yield on cash dividend = cash dividend per share/average price per share for that year.

Note 8: For net worth per share and net Earnings per share, data from the latest quarter that has been verified by an accountant up until the date on the annual report should be filled. For all other columns, a company should fill that year's data up until the date on the annual report.

Note 9: The distribution of surplus for year 2022 was approved by the board of directors on March 15, 2022.

(F) Dividend Policy and Implementation Status

1. Dividend policy

If the Company's annual closing shows any profit, taxes should be paid first. Then past losses shall be compensated. Then 10% shall be provided as legal reserve, unless the accumulated legal reserve has reached the level of the total capital amount of the Company. Then a special reserve shall be provided or reversed in accordance with law or the requirements of the competent authority. The remaining profit, if any, combines with the accumulated retained earnings, a proposal for distribution of profits will be drafted by the board, then the shareholders' meeting will make a resolution to distribute the bonus to the shareholders.

Company may, follow the provisions of Articles 240 and 241 of the Company Law, authorize the Board of Directors to issue cash dividends and bonuses under special resolutions, and to issue the capital stock or the legal surplus that is in accordance with the provisions of the Company Law in cash, and report in the most recent shareholder meeting.

To counter fluctuations in the economy and to strengthen the company's financial structure, the Company utilizes balanced dividend policy, and the policy of dividend payout is the following:

- (1) Because the Company is in a growth phase, dividend policy is primarily concerned about the Company's various investment funding needs in the future, financial structure, and profit etc., in each year, the Board of Directors will draw up an allocation plan based on that year's profit, and carry out the plan after the shareholders have reached a decision.

- (2) In consideration of a balanced dividend policy, the Company will use investment needs and the level of dilution of profit in each share as basis, and pay out dividends in shares or cash accordingly, in which the pay out of cash dividend will use a limit of no less than 10% of the total dividend amount in that year. The dividend of divisible surplus ratio is zero to seventy-five percent.

2. Implementation Status

The Company's Board of Directors on **Mar. 15, 2022** has decided to forward Earnings Distribution Table as follows to the shareholder's meeting in 2023:

Unit: NTD	
Item	Amount
Opening undistributed earnings (Note 1)	590,140,112
Less: Amount affected by the share swap agreement	(975,285,554)
Opening undistributed earnings after adjustment	(385,145,442)
Net profit of 2022	547,237,483
Less : Legal reserve	(16,209,204)
Add: Rotation of special surplus reserve	114,583,053
Earnings available for distribution	260,465,890
Distribution Item:	
Cash Dividends in 2022 (NT\$0.8 per share)	(222,039,147)
Closing undistributed earnings	38,426,743

Note 1:

Dynamic Electronics Co., Ltd. (hereinafter referred to as "Dynamic Electronics"), a subsidiary of the Company, passed a resolution at the Shareholders Meeting on May 20, 2022 to establish a holding company through share swap, and each common share of Dynamic Electronics was exchanged for 1 common share of the Company. This transaction is regarded as a corporate reorganization under common control and is essentially a continuation of Dynamic Electronics. Therefore, the undistributed earnings before the establishment of the company is recognized at the book value of Dynamic Electronics.

3. Anticipated changes in dividend policy: none

- (G) The impacts of issuing stock grants in this shareholder's meeting on the company's operational performance and dividend per share: none

(H) Remuneration for Employees and Directors

- Company regulation specified in the Article of Corporation on the number or range of remuneration for employees and directors:

If the Company has annual profit, **The provision requires a provision of no less than 0.1% for employee remuneration.** The board will decide whether to grant

the employees with stock or cash. The personnel who receive the remuneration include the employees of subsidiaries who meet certain qualifications. According to the above mentioned annual profit, the board will make a resolution of granting the directors no higher than 3 percent of the profit as the director remuneration. This distribution among the employees and directors should be reported in the shareholders' meeting.

But when there are accumulated losses, it should be reserved in advance to make up the amount, and then draw the mentioned proportion as the remuneration for the employees and directors.

2. In this period, when there is a difference between estimated column of employee and director's remuneration, basis for calculating shares for the purpose of paying out share dividends and actual payout figure, and the estimated column are different, what is the accounting procedure to handle this: The remuneration of employees and directors in 2022 is estimated at no less than 0.1% and no more than 3% respectively, and all are paid in cash. If the amount varies after the release of the annual financial statements, it will be treated according to the changes in accounting estimates. The adjustment will be recorded in the account in the next year.
3. Information on the Board of Directors passing the proposal to pay out employee and director's remuneration: The proposed distribution of employee compensation and directors' compensation approved by the board of directors for the year 2022 were 2,619 thousand NTD and 2,508 thousand NTD, respectively.
4. Actual allocations of employee and directors' remuneration in previous year: Did not pay out.

(I) Buyback of Treasury Stock: none.

B. Corporate bonds processing:

(A) The processing of Convertible bond

Types of corporate bonds	Dynamic Electronics Co., Ltd. Second domestic unsecured Convertible Bond
Issuance (processing) date	2021/05/13
Face value	NT\$100,000
Issuing and Trading Location	N/A
Issue price	Issued by face value
Total	NT\$500 million
Interest rate	Coupon rate 0%
Maturity	Three years
Guarantee Agency	N/A
Trustee Bank	SinoPac Co., Ltd.
Underwriter	Fubon Securities Co. Ltd.

Certified Attorney	Handsome Attorneys-at-law
Certified Public Accountant	Ernst & Young Certified Public Accountants: CPA Qingbiao Zheng, CPA Xiaojing Luo
Repayment method	Unless the creditor has converted the bond into the company's common stock in accordance with Article 10 of the Conversion and Issuance Regulations, or the bond has been redeemed in advance by the Company in accordance with Article 18 of the Conversion and Issuance Regulations or repurchased and cancelled by the securities firm's office, the Company will repaid in cash at 100.7519% of the bond face value (the actual annual yield is 0.25%) for the convertible bond held by the holder upon maturity.
Outstanding principal	NT\$2,400,000
Terms of redemption or early redemption	<p>The shareholders meeting of Dynamic Electronics Co., Ltd. (hereinafter referred to as Dynamic Electronics) on May 20, 2022 approved the establishment of a new company "Dynamic Holding Co., Ltd." Dynamic Electronics becomes a 100% subsidiary of Dynamic Holding Co., Ltd., and the base date of share swap is August 25, 2022. After the completion of the share swap, Dynamic Electronics' stock was terminated from listing according to the law on the base date of share swap. Dynamic Holding Co., Ltd. handles the listing and trading of stocks in accordance with the relevant regulations of Taiwan Stock Exchange Co., Ltd. and the equity-linked commodities issued by "Dynamic Electronics" (including the second domestic unsecured convertible bonds (hereinafter referred to as Dynamic II))and terminate the OTC trading.</p> <p>According to Article 11 of the "Share Swap Resolution", for those whose second domestic unsecured convertible bond issued by Dynamic Electronics is still outstanding, the bondholder may choose one of the following criteria:</p> <p>(1) Bondholders may apply to sell back or exercise conversion rights in accordance with the corporate bond issuance conversion method from August 26, 2022 to September 24, 2022. Dynamic II CB applying for sell-back will be redeemed in cash at the issue price of each bond plus interest compensation. The interest compensation is calculated based on the actual yield rate of 0.25% multiplied by the actual number of days of issuance, which is calculating from the date of issuance until the sell-back base date.</p> <p>(2) From August 25, 2022 to the due date of Dynamic II (May 13, 2024), except for 1. the transfer closing period stipulated in the convertible bond issuance and conversion regulations 2. Dynamic Holding stock transfer closure period by law 3. Dynamic Holding's free allotment closing date 4. 15 business</p>

		<p>days before the closing date of equity distribution base date of Dynamic Holding's cash dividend and cash capital increase subscription closing date 5. The base date of Dynamic Holding's capital reduction to the day before the start of trading for shares exchanged for capital reduction, Dynamic II bondholders can apply to Dynamic Electronics at any time according to the conversion price determined in the convertible bond issuance and conversion method and the share conversion ratio (1 common share of the company is exchanged for 1 common share of Dynamic Holding Co., Ltd.) determined in the above-mentioned share conversion agreement, to directly convert Dynamic II into common shares of Dynamic Holding, which means based on the conversion price of Dynamic II's corporate bonds starting from July 18, 2022, at NT\$22.4 and the share exchange ratio, it is calculated to be NT\$22.4 . Each Dynamic II with a denomination of NT\$100,000 was directly converted into 4,464 common shares of Dynamic Holding. The conversion price of the convertible bond will be changed according to the issuance and conversion method in the future, and will be announced separately.</p> <p>(3) Dynamic II bondholders who do not want to convert the shares of Dynamic Holding can still exercise their rights in accordance with the method of issuance and conversion of convertible bonds.</p>
Restriction clause		N/A
Name of credit rating agency, rating date, corporate bond rating results		none
Other rights	Amount of common stock, Global Depositary Receipts or other securities that have been transferred (exchanged or subscribed) as of the date of publication of the annual report	NT\$100,000
	Issuance and conversion (exchange or subscription) methods	Please refer to the issuance and conversion method

Issuance and conversion, exchange or share subscription method, issuance conditions may dilute the equity and the impact on existing shareholders' rights and interests	Convertible corporate bonds have no equity dilution effect on the company before the creditor requests the execution of the conversion right. The creditor can choose to convert the bond at a more favorable time point during the convertible period, so it has a deferred effect on equity dilution. With the conversion of corporate bonds into common stock, in addition to reducing liabilities, it will also increase shareholders' equity, thereby increasing the net value per share, so the existing shareholders' equity is more protected in the long run.
The name of the custodian institution for the subject of the exchange	N/A

(B) Convertible bond information

Type of Corporate Bond		Dynamic Electronics Co., Ltd. The second domestic convertible bond	
Item	Year	2022 (Note)	Jan.1 to Mar 31, 2023 (Note)
Market price of the convertible bond	Highest	125.45	NA
	Lowest	100	NA
	Average	114.11	NA
Conversion Price		22.4	
Issuance date and conversion price of issuance		The conversion price issued on May 13, 2021: NT\$23.5	
The method of fulfilling conversion obligations		Issuing new shares	

Note : The shareholders meeting of Dynamic Electronics Co., Ltd. (hereinafter referred to as Dynamic Electronics) on May 20, 2022 approved the establishment of a new company "Dynamic Holding Co., Ltd." Dynamic Electronics becomes a 100% subsidiary of Dynamic Holding Co., Ltd., and the base date of share swap is August 25, 2022. After the completion of the share swap, Dynamic Electronics' stock was terminated from listing according to the law on the base date of share swap. Dynamic Holding Co., Ltd. handles the listing and trading of stocks in accordance with the relevant regulations of Taiwan Stock Exchange Co., Ltd. and the equity-linked commodities issued by "Dynamic Electronics" (including the second domestic unsecured convertible bonds (hereinafter referred to as Dynamic II))and terminate the OTC trading.

C. Preferred stock handling: none.

D. Global depository receipts handling: none.

E. Employee stock option and new restricted employee share rights handling: none.

F. Mergers or transferee to other companies and issuance of new shares: none.

G. Implementation on fund utilization planning:

As of the quarter before the publication of this annual report, The Company's subsidiary, Dynamic Electronics Co., Ltd. plan for fundraising and securities issuance which has been completed within the last three years with the second domestic issuance of unsecured convertible bonds in 2021. The relevant information and implementation situation are explained as follows:

(A) The second domestic unsecured convertible corporate bond issuance in 2021

1. Project content and expected benefits

- (1) The approval date and document number of the competent authority: Financial Supervision and Administration Commission dated April 13, 2021, Jinn Guan Zheng Fa Zip No. 1100336982.
- (2) The total amount of funds required for the project: NT\$505,512,000.
- (3) Source of the Funds: Issuing the second domestic unsecured convertible bonds to a maximum of 5,000 shares; each with a face value of NTD100,000 and zero-coupon rate. The issuance period is three years; issuing at no less than 101.1% of the denomination. The total denomination is capped at NT\$500,000,000. The shares were issued by public underwriting through bidding auction. If the actual raised amount is higher than the predetermined amount, the amount used to enrich the working capital will be increased. The company will reduce the funds used to enrich the working capital in response to the insufficient portion of the fund raised and the convertible bonds during the actual issuance.
- (4) Scheduled fund utilization progress

Unit: NTD thousand

Project	Estimated completion date	Total amount of funds required	Scheduled fund utilization progress	
			Q2 2021	Q3 2021
Funds to enrich the capital	2021 Q3	505,512	300,000	205,512

(5) Expected effectiveness

In this fundraising project, it is planned that all of NT\$505,000,000 will be used to enrich the working capital to meet the demand of operation. The funds raised is able to replace bank financing, which will help not only increase the stability of long-term funds, improve short-term solvency and strengthen the ability to flexibly allocate funds and improve the financial structure, it will also save refinancing interest expenses and improve the company's operational competitiveness. Replacing bank financing with the funds raised, it is expected to save NT\$5,764,000 in refinancing interest expenses each year in the future according to the calculation based on the company's current bank working capital loan average interest rate of 1.047%.

- (6) Change in project content, reason for change and benefits before and after change: Not applicable.
- (7) Date of entering the information reporting website designated by the Securities and Futures Bureau: October 8, 2021.

2. Implementation

Unit: NTD thousand

Project	Implementation	Up to 2021 Q3	Reasons for progress ahead or behind and improvement plan
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Funds to enrich the capital	Amount required	Plan	505,000	The fundraising plan has raised NT\$ 550,512 thousand on May 13, 2021, and the fund utilization plan has been completed in the third quarter of 2021.
		Actual state	550,512	
	Implementation progress %	Plan	100.00	
		Actual state	109.01	

3. Benefit evaluation

Year		Mar. 31, 2021 (before fundraising)	Sep. 30, 2021 (After fundraising)
Project			
solvency	current ratio	166.96	310.34
	quick ratio	160.47	298.23

The company's current ratio and quick ratio at the end of September 2021 were both higher than those at the end of March 2021 (before fundraising), and the interest expense (excluding interest amortization of convertible corporate bonds) in the third quarter of 2021 was also lower than that in the first quarter of 2021. So the fundraising benefit has appeared.

V. Operations Overview

A. Business Content

(A) Scope of Business

1. Primary business focus and its ratio to the overall business

Unit: NTD thousands

Major Products	Consolidated for 2022	
	Sales Amount	Sales Ratio
Printed Circuit Board	15,253,864	99.72
Others	43,148	0.28
Total	15,297,012	100.00

2. Dynamic concentrates on PCB products including traditional rigid board, high density connected board, high-end multilayer board, thick copper board, built-in copper high heat sinking board and high-frequency microwave board. Dynamic will continue developing in this area. However, in terms of product applications, it's planned to develop IoT 5G communication networks and high-end high-speed storage devices, ADAS, LiDAR and engine control modules, wearable devices, high-end mobile phones, wireless charging modules, ultra-high-resolution display modules, medical equipment and detection sensor, Mini LED Display, 5G millimeter wave 28GHz/39GHz communication high-frequency base station, terminal transceiver, High and low orbit satellite ground receiver, electric vehicle charging piles, EV automotive relays, and aerospace/military etc. with high reliability requirements.

(B) Industry Overview

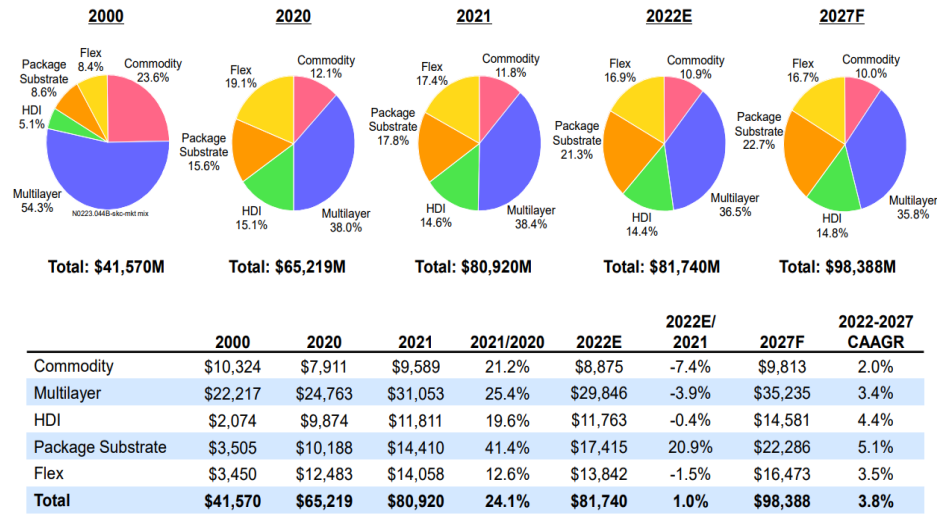
1. The industry's current situation and development

PCB (Printed Circuit Board, abbreviated PCB) is the base board before electronic components are assembled, and through the PCB, electrical routes are formed, and various electronic components can be connected to exert its overall capacity and to reach the objective of relay transmission. Its application is widespread, almost everything that uses electronic components would need to use a PCB. Therefore, PCB is known as "Mother of electronic products" Within Taiwan, the PCB industry has been developing for over 40 years, and not only does the industry structure include a comprehensive vertically integrated production chain, its affiliated industry system is also healthy. However, because of the factors of manpower supply and labor costs, the proportion of Taiwan's domestic production continued to decrease. Below is an explanation on the global and local PCB industry current situation and future trends:

(1) Global current situation and development

Overview of the world's major PCB output value

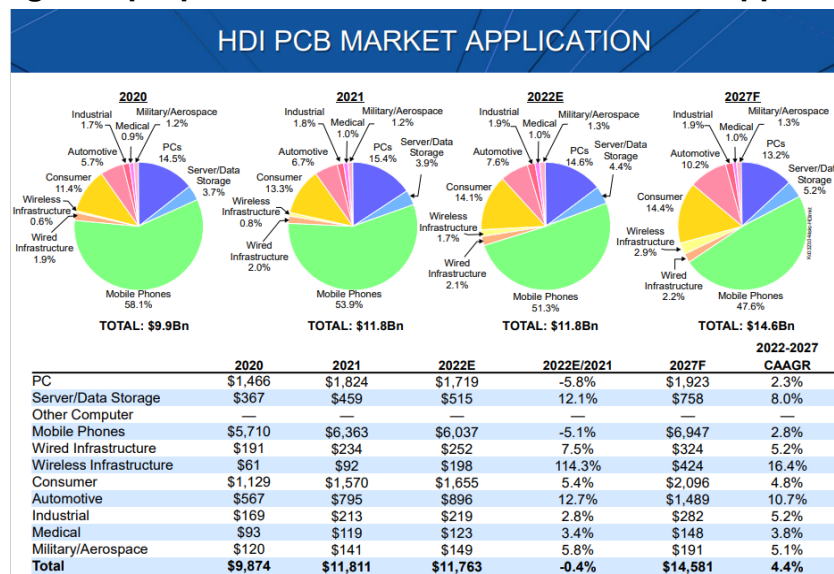
CHANGES IN PCB MARKET PRODUCT MIX



Data source : PRISMARK Mar. 2023

According to the research report issued by PRISMARK in March 2023, the PCB market demand was strong at the beginning of 2022, but the demand began to decrease at the end of the second quarter, and the situation continued worsening. Low demand and high inventory weakened the growth momentum of the PCB market. There were no signs of recovery until the end of the year. In 2022, the output value of PCB was 81.7 billion US dollars, with an annual growth rate of 1%. In 2023, the PCB output value is currently projected to decline by 4% from US\$81.7 billion to US\$78.4 billion. High inventory, weak demand, and a decline in average selling price are great challenges for the PCB market. In 2022, among all kinds of PCB products in the world, the growth rate of substrates was better, and the rest declined. The 2022-2027 compound growth rate is 3.8%, of which the substrates (5.1%) and HDI (4.4%) were with better performance.

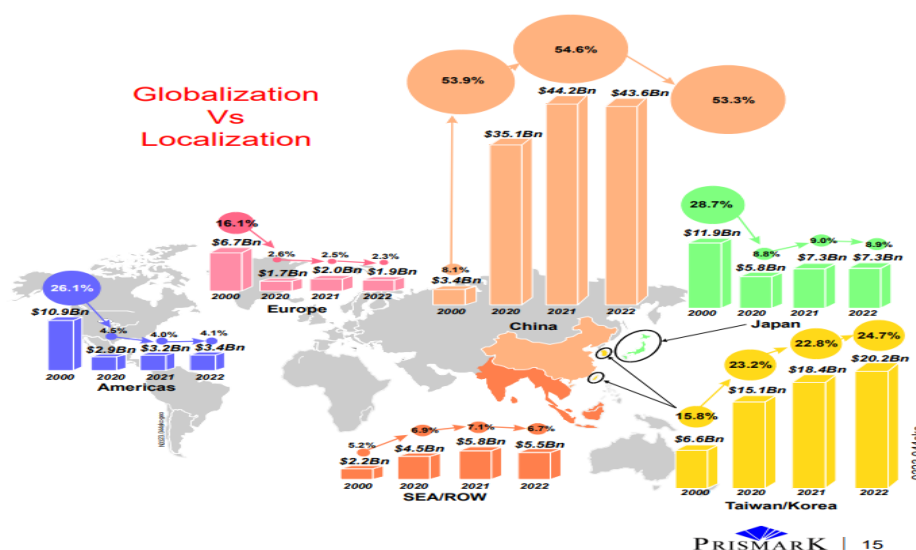
The global proportion of HDI PCB's distribution in application



Data source : PRISMARK Mar. 2023

According to the research report issued by PRISMARK in March 2023, the main applications of HDI PCB are (mobile phones, computers, consumer electronics) products, which account for more than 80% of the total output value. In the next five years, wireless infrastructure, automobiles and servers/data storage with the highest compound growth rate

Market share of the major PCB manufacture countries



Data source : PRISMARK Mar. 2023

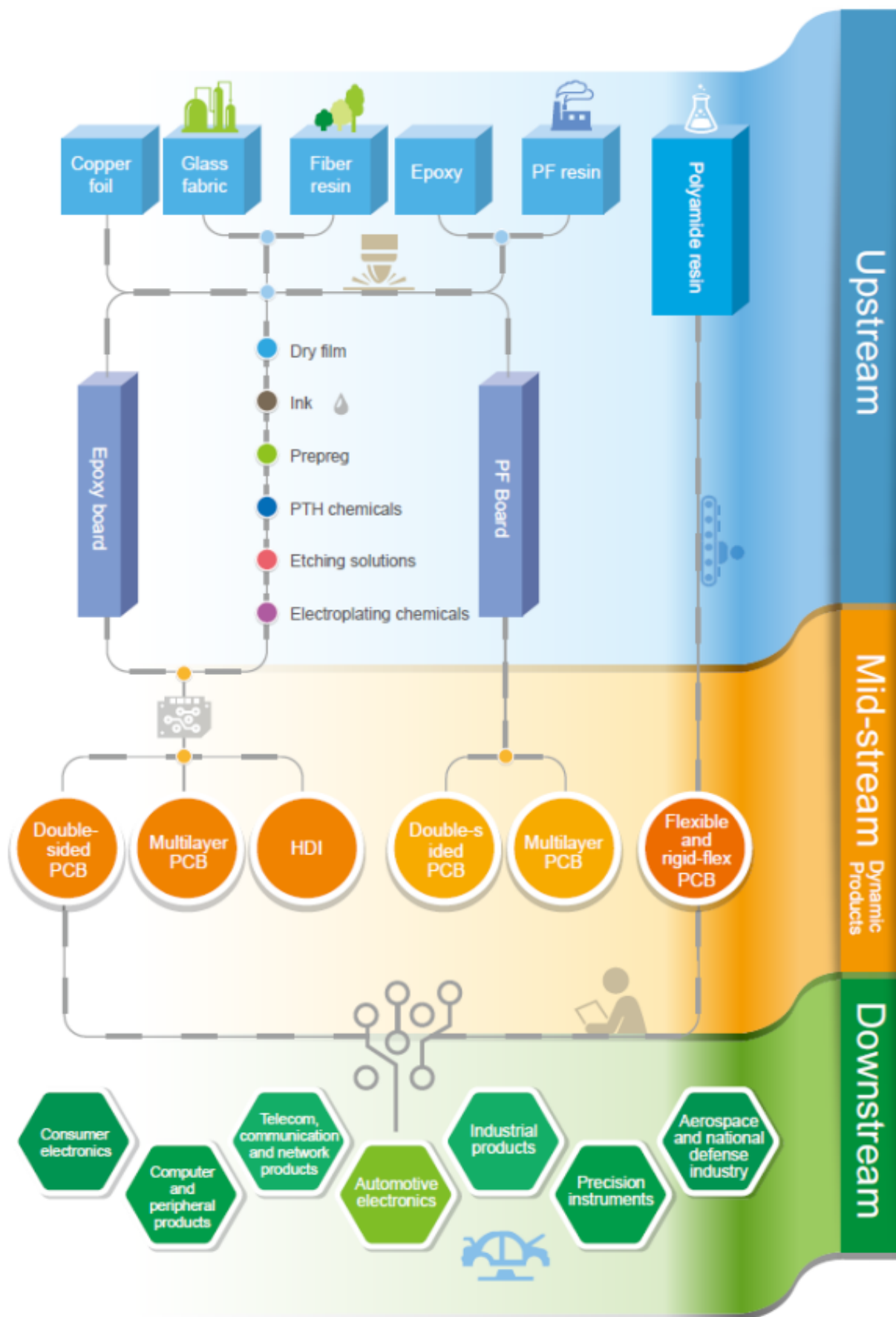
The highest market share of global PCB industry production countries in 2022 was still mainland China at 53.3%, followed by Taiwan/Korea with a total of 24.7%. Mainland China has a great advantage in terms of various cost considerations and is already the main production site of PCB. Due to factors such as rising labor costs and political and economic risks, southeast Asia has gradually become a major investment region for the PCB supply chain.

(2) The Current Status and Development of Taiwan

According to the analysis of the Taiwan Printed Circuit Association (TPCA), Taiwan's PCB production value was NT\$903.3 billion in 2022, an annual increase of 10.5%. Among them, substrates, electric vehicles, and servers are the main sources of growth momentum. 2023 is still a very challenging year. It is expected that with the AI revolution, high-speed computing, server growth, and the growth of electric vehicles driven by environmental protection, the performance in the second half of the year is expected to be better than the first half.

2. Relevance of upstream, middle, and downstream businesses in the industry

The PCB that produced by the Company include the following upstream main raw materials: copper foil, substrate, resin, dry film, ink, etching fluid and other chemical materials. Industry covers petrochemical and metal ; downstream clients include consumer electronics, computer and peripheral products, telecommunications and Internet, automotive electronics, industrial products, precision instruments and air defense etc. Hereby listed the company's associated chart with up-and-down stream industrial structure as below:



3. Product development trends and competitive situation

(1) Product development trends

In recent years, there are two major trends in the development of electronic products. First, all products are gradually becoming lighter and easy to carry. Second, high frequency millimeter wave and high speed technology is being developed, so that in addition to stronger heat dissipation, when the current passes, it should not be subjected to too much interference. Hence, PCB with micro via, thread, small pore, thin and multilayer structure, micro via lining and high electrical characteristics are the necessary trends to current product development. To cater to the development of 5G generation and the request from system vendors, boards using low DK, low DF, Ultra Low Loss, Teflon, Ceramic substrates and flexible materials Modify PI/LCP (Liquid Crystal Polymer) are also gradually increasing. The development of environmentally friendly green vehicles PHEV/EV is also growing rapidly, and various tie-in products such as high-voltage products, fast charging, and battery management have also taken spots at the table. The 5G high-reliability products used in medical, satellite, aerospace and military industries are also booming.

(2) Competitive situation

Since PCB has been in a position of oversupply for a long time, the development of global economy has entered a slow-growing phase, price competition has always been fierce, especially for customers who require large quantities, who tend to dominate over the extent of lowering price and time. But to grasp business opportunities, satisfy customer needs, and to achieve even better economies of scale to lower cost, each firm is competing to set up new sites and opening new production capacity. Because of China market's strong domestic demand and complete industrial chain, most companies have still considered China to be the optimal production location. However, various environmental regulations in China are becoming more stringent, minimal wages have risen, the State Council has cleared various tax incentives etc., have severely impacted the operational cost of foreign investments in China. How to lower production cost has become the toughest challenge to the PCB industry. Owing to China government's vigor promotion of the autonomy of electronics supply chain in the recent years, red supply chain has risen as a result. They obtain big amount of fund by going public or by government's subsidies to seize the market with low prices, consequently the price of low-end technology products has plummeted. In addition, Chinese government agencies at all levels provided various subsidy measures for automation and intelligence to increase the establishment of highly intelligent, high-efficiency, high-value and fully automated unmanned factories by China-funded manufacturers. In addition, the prices of raw materials (copper foil, glass fiber) are rising fiercely, and the supply is very tight, which severely reduce the profit margin. Taiwanese business is bound to tend to the high-tech, high-quality, high-reliability product segment.

(C) Technology and R&D Overview

1. R&D expenses from the most recent year to the date on the annual report

Unit: NTD thousands

Year	2021	2022
R&D Expenses	741,385	660,154

2. Technology or products that have been successfully developed from the most recent year to the date of the annual report:

Here we summarized our major R&D projects and results of 2022 in the following six points:

- (1) High-speed and low-signal-loss products: Continue to test various materials such as Ultra low loss, Ultra low loss 2, Super Ultra low loss, etc. and obtain UL certification, and have produced a small amount of optical transceiver products for 800G. For AI servers and Data Center servers, the demand for data processing and AI accelerated computing in various application fields is increasing, and the demand for global cloud data centers and high-performance computing (HPC) servers is also growing. The promotion of corporate customers' intelligent networking (AI+IoT, AIoT) and Open Ran further expands the demand of telecom manufacturers for ODM Direct servers; at the same time, server platforms are showing diversified development, with X86-based Intel and AMD taking more than 90% of the market share. Affected by geopolitics and product diversification demand, the market share of ARM products is expected to grow higher in 2023. In terms of product design, the speed of the new generation of server platform products has reached the 32GT/s requirement of PCIe5.0, and the speed of the next generation of PCIe6.0 products will further go up to 64GT/s, and the Coding method will be changed from NRZ of PCIe 5.0 to PAM4. The addition of the number of high-speed signal lines has led to an increase in the number of layers of server products to 22 layers. The entire BGA size is larger, and the flatness of the partial areas has been included in the control requirements. At the same time, the diameter of the via hole is reduced to 0.2mm, and the requirements for layer deviation, drilling (including back drilling) and plating are more stricter. In addition, due to the price sensitivity of the server, the product has further requirements for the copper foil roughness of the inner and outer layers, low roughness bondfilm solution, low-loss ink for the outer layer, and hybrid layer processing. The materials required for the 5G generation application on the Intel Eagle Stream platform have been certified. At the same time, the bondfilm solution and pulse electroplating process technology for low etching are also being actively developed.
- (2) High-end HDI and thin products: Successfully completed 16-layer Anylayer HDI small volume production of high-end HDI, 14-layer Anylayer PCS size>550mm LCD/LED size control motherboard development, 12-layer Anylayer Cavity high-end laptop motherboard certification and mass production. Completed the development and mass production of 12-layer Anylayer automotive central control motherboards, and mass-produced 14-layer 3oz inner-outer design smart grid control HDI boards. Successfully

developed and mass-produced 8+8 HDI PCS size>580mm, 1pc/panel test module products. The diameter of blind holes is also downsized to 3mil. In addition, the investigation and standardization of materials that can withstand multiple laminations have been completed, so that the materials used by Anylayer can be more diverse and stable. The thinner product Mini-LED with a thickness of 0.2mm has been certified and started production. The focus of research and development in 2022 is to invest in process capabilities to improve the development and production of BT material products such as thinner thickness (0.15-0.1mm).

- (3) Mini-LED display products: Currently developing towards higher resolution to meet product design and development with minimum pad gap design of 0.04mm, board thickness as thin as 0.2mm, and reflectivity as high as 90%. At the same time, it also develops other different product types, such as develops outdoor display panels.
- (4) High-frequency millimeter-wave (mmWave) products: The shipments of automotive millimeter-wave radar 24GHz/60GHz/77GHz is increasing. Keep developing the related prospective customers. In terms of self-testing of antenna performance and development of new antenna technology, we have started the production of 4D imaging radar samples with a number of customers and have continuously shipped them for customer verification. In addition, relevant testing equipment has been purchased, which has testing capabilities and can meet customer needs in an all-round way. In terms of satellite communication and microwave products, the GEO (Geostationary Satellite) ground receiving station continues to be mass-produced, and for the most scalable LEO (Low Orbit Satellite) ground receiving station, we continue to approach customers for mass production opportunities. The 5G Open RAN RU module is being developed in cooperation with customers. The 5G small base station FWA (Fixed Wireless Access) and CPE (Customer Pre-Equipment) have obtained multiple customer certifications. Due to the delay in the overall progress of 5G millimeter wave resulted from the epidemic, we are currently working with customers on initial-stage sample development and production tests for 28GHz and 39GHz products.
- (6) Embedded active and passive component products: Using embedded component technology to jointly develop embedded component 48V integrated Belt Starter Generator (iBSG) products with customers, actively to take a role in the supply chain of mild-hybrid 48V automobile parts, and the products are currently in trial production stage. The application of other embedded components for automotive products is currently being actively developed with customers, and processes for embedded components (passive components, magnetic materials, etc.) in various other ways are also being developed simultaneously.
- (5) High heat dissipation products: Used in communication high frequency receivers, electric vehicle charging piles and automobile engine control modules. The 6oz-thick copper relays products for automotive are in mass-production, 8oz products have begun to be developed and designed with customers, and the material and process development for 12oz products

has also been completed. Copper paste heat dissipation process is currently under development. High-frequency power amplifier products are under sample development and process optimization stages. Sample development and test of Busbar products have completed and the related process capabilities will be continuously improved. The official sample of the car lamp has been completed, and the embedded copper design criteria have been completed. We will continue to cooperate with the client to develop, and improve the production experience and process capability of related products of the plant. **The heat sink past technology is applied to the DC/DC of electric vehicles and the PCB in the compressor, and is developed in cooperation with customers.**

- (6) Embedded active and passive component products: Using embedded component technology to jointly develop embedded component 48V integrated Belt Starter Generator (iBSG) products with customers, actively to take a role in the supply chain of mild-hybrid 48V automobile parts, and the products are currently in trial production stage. The application of other embedded components for automotive products is currently being actively developed with customers, and processes for embedded components (passive components, magnetic materials, etc.) in various other ways are also being developed simultaneously.

(D) Short and Long-term Business Development Plan

1. Short-term business plan

(1) Marketing plan

- Develop high margin products such as HDI, high-frequency high-speed related applications.
- Expand niche products such as Advanced Driver Assistance Systems (ADAS) of automotive electronics, medical products, cloud servers, 5G related equipment and terminal applications
- Strengthen the ties with overseas locations and agents, grasp business opportunities, and cultivate customers.
- Strengthen the customer support for timely delivery, quality, technicality, and service.

(2) Production plan

- **Huangshi Plant is a highly automated, intelligent and efficient factory. It is the priority to meet the production capacity Huangshi I and II, while the Kunshan plant is making flexible allocation based on customer needs.**
- Take advantage of automation, intelligence, and informatization capabilities to integrate real-time vertical information from design, planning to production. Optimize the use of manpower, energy, and resources, and configure flexible production lines, thereby achieving the benefits of quick response to market demands. Practical action strategies can be developed through big data insights, from machine data interconnection to intelligent decision-making automation, to meet

the needs of different management levels. Improve production efficiency and product quality and realize quality traceability and production transparency. Effectively improve the accuracy of products and management and achieve efficient and accurate operational performance.

2. Long-term business plan

(1) Marketing plan

- Searching for highly niche products
- Establishing long-term relationship with customers
- Participating in major international events, to open up the specific strategic markets.
- Cooperating and exchanging professional resources with foreign PCB companies who possess technical competence and patent, in order to obtain recognition from the end customer.

(2) Production plan

- Expand the HDI production capacity of Huangshi Plant.
- Expand the production base in Southeast Asia.
- Promote environmental protection, energy saving and circular economy projects. Continue to classify and find recycling pipelines for process outputs that cannot be recycled and reused at present. Set up recycling equipment on the production line to recover valuable substances and chemicals, and introduce incineration waste reduction equipment to reduce the output of incineration waste; continue to cooperate with government regulations to reduce the discharge of harmful pollutants and ensure that the water quality of the discharge meets the regulations.
- Work with our suppliers to promote various policies such as labor, health and safety, environment, ethics and management systems, and implement corporate social responsibility.
-

(3) R&D plan

- <1.6 mil SLP fine line process development
- Low warpage laminate technology process development
- Embedded active and passive components
- SiP Substrate module
- millimeter wave high frequency alternative new material process development
- 12oz heavy copper high heat dissipation material process development
- New products and new processes of environmental protection, waste reduction and energy-saving
- High layer count development

B. Market and Production/Sales Conditions

(A) Market Analysis

1. Sales Locations for Major Products

Unit: NTD thousands

Sales Location \ Year		2022 Consolidated	
		Sales Amount	Ratio %
Domestic		780,556	5.10%
Export	China	6,381,200	41.72%
	Korea	1,118,564	7.31%
	Thailand	927,756	6.06%
	Germany	805,614	5.27%
	Other countries	5,283,322	34.54%
Total		15,297,012	100.00%

Note: Revenue is categorized based on the location of the client who placed sales order.

2. Market Share

Unit: NTD 100million

Year		2021	2022
Item			
Value of cross-strait Taiwanese businesses in PCB industry		8,178	9,033
Dynamic Electronics' consolidated revenue		157	152
Dynamic Electronics' consolidated revenue/value of cross-strait Taiwanese businesses in PCB industry (%)		1.91%	1.68%

Source: IEK of ITRI

3. Future Market Supply and Demand Conditions and Possibility of Growth

Inflation in 2022 is expected to be brought under control in the second half of 2023, and consumer demand is expected to slowly recover. In the next five years, it is estimated that fast-growing products will revolve around AI, servers, and electric vehicles, including the Internet of Things, autonomous vehicles, UAVs, smart homes, wearable devices, virtual reality, nursing care, robots, high-frequency signal transceivers, 400G high-speed transmission, wireless chargers, electric vehicle charging piles, high, medium and low orbit satellites, logistics and automatic storage, etc.

4. Niche Competitiveness

Niche competitiveness of the Company includes:

- (1) Fulfilling CSR (Corporate Social Responsibility) as its core of corporate culture enables Dynamic to bring customers the value of long-term stability.
- (2) Satisfying customers by meeting their needs of integration services of business flow, logistics, and information flow.

- (3) Providing a comprehensive product line, one stop solution, including: Conventional, High layer count, HDI, High speed high frequency board, Heavy Copper, Rigid-Flex, Semi-Flex, etc.
 - (4) Assisting customers with product development and design, supporting customers for their long-term success.
 - (5) Equipped with global technical support and after-sales service network.
 - (6) The management of Dynamic is formed with people from different countries who are possessed of extensive experience in certain fields.
5. Favorable and Unfavorable Factors for Future Development and the Countermeasures
- (1) Favorable factors
- a. With the widespread popularity of the Internet and the development of wireless communication market and products, the personal mobile devices and their peripheral industries have developed throughout the world. Plus the rise of 5G related applications, cloud computing, Big Data, IoT etc. products continuing to innovate, the demand for PCB will continue to rise.
 - b. The increase in electronic products for automobiles, green energy vehicles and the development of electric vehicles and auto-driving technologies are bringing forth new market and opportunities for the PCB.
 - c. With advances in medical technology and the retirement of baby boomers, Medicare needs of elderly is gradually enlarged, the medical equipment products that the company has been planning on developing since long ago will continue to grow. In response to the new coronavirus epidemic (COVID-19), related medical equipment has also made contribution to the sales performance.
- (2) Unfavorable factors and countermeasures
- a. Oversupply, many competitors, and competitors wage price wars
Countermeasure: develop potentially niche products, avoid price wars in existing products, and actively attain various certifications, enter different fields and expand new business opportunities.
 - b. Clients demand routine price reduction, hurting profit
Countermeasure: exert labor efficiency, strengthen production management, enhance production yield, and lower production cost, making the most of the benefits of automation. Seeking long-term cooperation with excellent suppliers, signing long-term strategic partnership agreements, develop new customers, select suitable products, restructure product structure, and optimize product portfolio.
 - c. Labor shortage and labor cost is steadily rising over the years
Countermeasures: Regularly collect and update the salary and benefit policy information of the industry. Review and modify the salary and benefit measures of corporate optimization. Enhance the company's competitiveness and strength among the peers in the industry. Cultivate

and enhance the professional skills of all employees. Create corporate humanities to increase the stability of employees' retention at the post. Optimize production and the method of efficient working to reduce manpower.

d. A lack of technical talent

Countermeasures: Recruit and cultivate college and undergraduate talents, salary determined based on education level, in addition to monthly performance incentive bonuses, set excellent skill allowances, long-tenured employee rewards, and launch a promotion and salary increase mechanism every year; at the same time, encourage employees to further pursue the education to improve the overall academic standard of all staff, which is a necessity for the company's continuous development.

e. Environmental cost is steadily rising

Countermeasures: Improve the water intake method of the production line and strengthen the management and control of waste water classification to achieve waste water reduction and optimize the waste water treatment process to reduce the amount of chemicals used; reuse reclaimed water to reduce waste water discharge; Exhaust gas scrubbers are combined and opened together; Improve the recovery rate of valuable waste.

f. Fluctuations in exchange rates affect the Company's operations and profitability

Countermeasures: maintain close contact with the foreign exchange units of banks, attain information pertaining to fluctuations in exchange rates and suggestions on ways to hedge these risks at any given time. Reasonably adjust the accounts that consist of solely foreign currency to lower the risk of fluctuations in exchange rates.

g. The debt ratio is too high

Countermeasures: Proactively improve profitability, effectively control cash flow and reduce operational cost.

h. Valuing work safety awareness

Countermeasures: effectively implement safety education and training for five minutes before shifts, carry out regular safety training and drills, and enhance the safety awareness of all employees in the factory; implement hierarchical management and control of areas with greater risks; strengthen the management and control of dangerous operations in the factory, implement in accordance with the "12345" requirements, and strengthen the safety of foreign manufacturers. safety awareness; every year, the plant president leads a team to conduct 4 major inspections of safety production of the entire factory, and implement the main responsibility of the company's safety production.

i. Raw material shortage and price increase

Countermeasures: Maintain long-term transaction with strategic suppliers and also maintain active interaction between the high-level

managements of both parties to avoid material interruption crisis and maintain cost advantages, continue to develop new suppliers, increase material selection manufacturers and create healthy competition. Strengthen internal cost management system, reduce idle material and the waste of it, adjust and remain sufficient inventory according to the order-placing situation of the market. Maintain a stable and close cooperative relationship with the major suppliers and obtain the fluctuating price information of upstream and downstream raw materials and the changes in production capacity at any time, so as to adjust the inventory level in advance to reduce the impact brought from price increases.

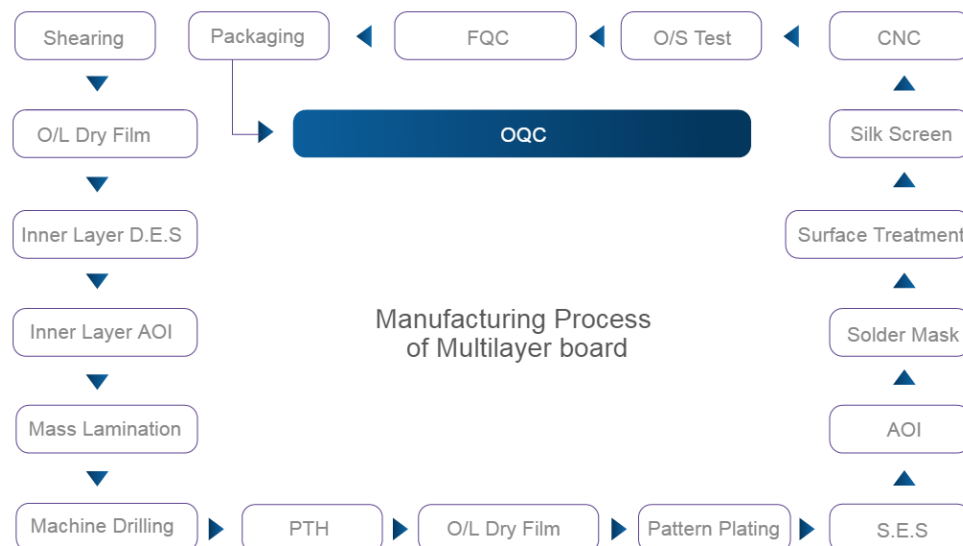
(C) Important Applications and Production Processes of Major Products

1. Important Applications of Major Products

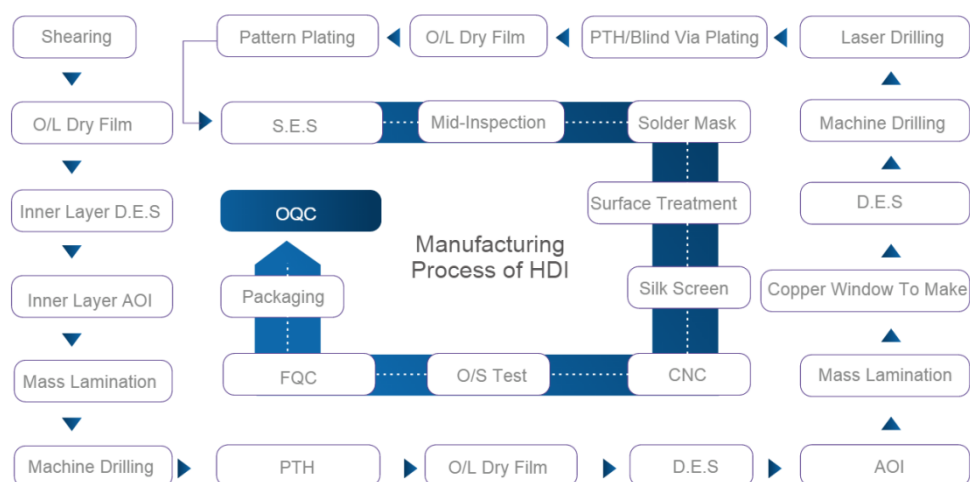
Product Type	Major Applications
Double-sided PCB	Automotive, MiniLED backlight board
Multilayer PCB	Storage devices, TFT-LCD, Set-top box, Communication board, Automotive, Notebook, Server, Industrial computers etc.
HDI	Car GPS, New energy vehicles ECU, ADAS, SSD, TFT-LCD, lens module, 5G Communication board, MiniLED Direct display, Medical products etc.
High-frequency PCB	Car Radar, Power amplifiers, Filters, Smart homes, Smart road networks, Antennas, Macro site, Micro site, Satellite receiver etc.

2. Manufacturing Process

(1) Conventional



(2) HDI



(C) Supply Status of Major Raw Materials

The Company's primary raw materials include laminate, copper foil, and prepreg etc. Primary purchasing sources are domestic vendors that have all established long-term, stable relationships with the Company to assure quality, price, delivery date, service, and stable availability.

Continue to ensure the balance between supply and demand for internal and external procurement. During the period affected by the shortage of materials and workers in the general environment, the supply, cost and delivery date of the main raw material manufacturers have been adjusted to different extend.

We concentrated our resources to ensure the total amount as the priority, at the same time, coordinating emergency needs. Up to now, the materials can satisfy the total production needs of the group, keeping the deliveries stable. Purchasing costs are negotiated based on the total amount of the group, and the bargaining chips include future factory expansion plans and strategic cooperation intentions to reduce the purchasing cost. The primary vendors of each of the primary raw material are listed below:

Major Raw Material	Major Supplier
Core	Sheng-yi, Iteq, Nanya, EMC, Jinbao, Wazam, Grace
PP	Sheng-yi, Iteq, Nanya, EMC, Jinbao, Wazam, Grace
Dry Film	Hitachi, Eternal Materials, Longlife
Copper Foil	Nanya, Shandong Jindu, Jiangxi Copper Yates Foil

(D) For the recent two years, please list all vendors/ customers who have exceeded 10% of the Company's total purchasing/ selling for any given year, including the amount of its purchase/ sales amount and ratio, and explain the reasons of the changes in decreases/ increases.

1. Major vendors for the most recent two years:

Unit: NTD thousands

	2021 Consolidated	2022 Consolidated
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Item	Name	Amount	% of that year's net purchasing	Relationship with the issuer	Name	Amount	% of that year's net purchasing	Relationship with the issuer
1	A	1,188,947	11.03	None	C	1,177,843	13.59	None
2	Others	9,590,915	88.97	None	Others	7,488,152	86.41	None
	Net purchasing	10,779,862	100.00		Net purchasing	8,665,995	100	

Analysis: The Company's major purchases are core, PP, copper foils, etc. In the most recent two years, only one supplier accounted for more than 10% of net purchases in the whole year. The Group actively seeks and develops excellent suppliers in addition to continuing to establish good relationships with existing suppliers, the proportion of purchases from Group A decreased in 2022.

2. Major customers for the most recent two years:

Unit: NTD thousands

2021 Consolidated					2022 Consolidated			
Item	Name	Amount	% of that year's net sales	Relationship with the issuer	Name	Amount	% of that year's net sales	Relationship with the issuer
1	B	2,032,668	12.90	None	B	2,634,304	17.22	None
2	Others	13,720,389	87.10	None	D	1,780,628	11.64	None
				None	Others	10,882,080	71.14	None
	Net sales	15,753,057	100.00		Net sales	15,297,012	100	

Analysis: The Company mainly sells automotive boards to B customers and D customers. The proportion of sales to B customers and D customers has increased in 2022, mainly because the company is committed to improving the product portfolio of automotive boards.

(E) Production output quantity and value for the past two years

Unit: thousands square feet; thousands piece; NTD thousands

Year qty/value	2021			2022		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Major products						
Printed Circuit Board	41,550	38,462	13,348,936	46,500	31,460	11,974,164

Note 1: Production capacity means after factoring necessary halts and holidays, the quantity that the Company is capable of producing under normal operations with present production equipment.

Note 2: Since production of each layer of product can replace and support each other, hence the overall production capacity is disclosed.

(F) Sales volume for the past two years

Unit: thousands piece; NTD thousands

Year qty/value	2021				2022			
	Domestic sales		Export		Domestic sales		Export	
Major products	Q'ty	Value	Q'ty	Value	Q'ty	Value	Q'ty	Value
Printed Circuit Board	861	656,669	36,184	15,074,899	967	737,408	29,647	14,514,843
Module						43,148		

Others	-	-	-	21,489		-	-	1,613
Total	861	656,669	36,184	15,096,388	967	780,556	29,647	14,516,456

C. From the most recent two years to the date on the annual report, the number of workers, average years of service, average age, and distribution ratios of education

Year - consolidated		2021/12/31	2022/12/31	2023/3/31
Number of workers	Direct workers	3,698	3,411	3,305
	Indirect workers	1,171	702	903
	Total	4,869	4,113	4,208
Average age		31.20	32.97	33.85
Average years of service		2.87	3.74	3.91
Distribution of education	Ph.D.	0.04%	0.00%	0.00%
	Master	0.35%	0.36%	0.33%
	University	25.06%	37.22%	40.16%
	High school	15.18%	15.54%	14.42%
	Below high school	59.37%	46.88%	45.08%

D. Environmental Expenditure Information

(A) Total amount of Environmental Expenditure

Kunshan plant: Total environmental expenditure of year 2022 was RMB 62.95 mil.

Huangshi plant: Total environmental expenditure of year 2022 was RMB 45.67 mil.

(B) In the most recent year and as of the publication date of the annual report, the losses caused due to environmental pollution and the future countermeasures against it:

None

D. Employer and Employee Relations

(A) List out various employee welfare measures, advanced studies, training, retirement plan and its implementation, as well as negotiations between the employers and employees and steps taken to maintain various employee benefits

1. Employee welfare measures

Employees are important company assets. To provide adequate care to the employees, in addition to full compliance to the Labor Law, the Company has various other measures to take care of its employees.

- (1) Offers free meals.
- (2) Refined kitchenette with fair trade coffee.
- (3) Free uniform.
- (4) Free parking lot.
- (5) The Company sponsors and encourages students to participate in healthy activities such as marathon.
- (6) Set up suggestion box for unfair treatment and ensures that suggestions are answered.
- (7) Employee group insurance.
- (8) Implement year-end bonus, holiday bonuses, performance bonus, and dividend structure.
- (9) Whenever an employee of the Company gets married, gives birth, dies or becomes amputated, there is always aid or pension etc.
- (10) Employee health check-up on a routine basis every year.

- (11) Set up medical grade blood pressure and sphygmometers to help employees monitor their health.
- (12) Set up library and employees can borrow books for free.
- (13) On-site and external skills training program for employees.
- (14) Foreign language classes for employees.
- (15) Aid for continuing education training for employees, and professional class for senior management.
- (16) Various employee activities such as tourism and staff gatherings.
- (17) Employees self-organizing clubs of their references, the company grants subsidies, enriches life after work and enhances horizontal communication channels.

2. Continuing studies and training system

Our primary training plan includes educational training for new recruits, managerial capacity training, professional skills training, quality enhancement training, liberal arts class training etc. And the Company also conducts transferred personnel job training and employee job rotation, so that employees can be familiar with different kinds of work and learn different techniques. In 2022, the actual hours of education and training per person are as the following: Taoyuan Operation Center 31.4 hours, Kunshan Plant 27.9 hours, and Huangshi Plant 21.2 hours.

3. Retirement Structure

- (1) Since Jul. 1, 2005, The Company has implemented labor retirement policy, and utilizes a defined contribution system. Upon implementation, an employee is able to choose from between retirement policies in the Labor Standards Act, or to use this policy and to keep the working years prior to its implementation. After July 2005, complying with the government policy of using individual retirement reserved fund accounts, the Company sets 6% of labor salary as labor retirement reserved funds, and saves this amount in the individual labor retirement reserved fund account.
- (2) In order to offer employees more flexibility in planning their career and life, the Company has successfully established the management policy for the golden handshake, and reported this to the authorities for approval.
- (3) Under the planning of the remuneration committee in year 2010, the Company will entrust the manager retirement management policy, in order to establish a more comprehensive personnel retaining system.
- (4) Regulations for the Management of the Workers' Retirement
 - a. Voluntary retirement

A worker may apply for voluntary retirement under any of the following conditions:

 - Those who have worked in the company for more than fifteen years and have reached the age of fifty-five.
 - Those who have worked in the company for more than 25 years.
 - Those who have worked for more than ten years and have reached the age of sixty.

b. Mandatory retirement

A worker shall be forced to retire under any of the following conditions:

- Those who are 65 years of age or older.
- Loss of mind or physical disability to perform the job.
- According to the Labor Standards Act Article 55, Paragraph 1, Subparagraph 2, an additional 20% shall be given to workers forced to retire due to disability incurred from the execution of their duties.

c. Preferential retirement conditions

Employee whose age and job tenure total more than 60 can apply to the company for preferential retirement and apply for retirement pensions in accordance with the old retirement system of Labor Law.

d. Employee pension payment standard is as follows:

The job tenure that is applicable before and after the Labor Standards Act and the choice of remaining with the "Labor Standards Act" pension regulation according to the Labor Pension Act or keeping the job tenure that is applicable before the Labor Pension Act, the pensions are issued in accordance with Article 84-2 and Article 55 of the Labor Standards Act.

- For the workers by the old retirement system who voluntarily retire or forced to retire, the pension payment standards are as follows:
Two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months.
- $(1\sim 15 \text{ years}) \times 2 \text{ base} + (16 \text{ years} \sim) \times 1 \text{ base} \leq 45 \text{ base}$.
- For employees who are eligible for the new labor retirement system, the company will contribute 6% (or more) of their monthly wages to their employees' retirement pensions on monthly basis.

e. Voluntary retirees should fill out an employee retirement application form for approval before applying for the pension.

f. The retirement pension of the resigned employee shall be paid within 30 days from the date of retirement; the pension application that meets the job tenure of the new retirement system shall be processed in accordance with the new system of labor retirement regulations.

4. Other important agreements and various measures to protect employee benefit

- (1) The employers and employees of the Company mostly utilize communications to solve various problems and maintain positive communication channels, in order to build mutual understanding and effectively enhance the coherence of all employees.
- (2) The Company routinely hosts employer-employee meetings, including various departmental meetings, employee benefit committee meetings, employer-employee meetings, retirement fund supervisory committee, Occupational Safety and Health Committee, and Industrial Safety Conference etc., with the objective of understanding employee needs and attaining mutual understanding.

- (3) The Kunshan factory has set up a personnel dispute mediation room in the factory. Any personnel disputes are first mediated in the factory. If the mediation is unsuccessful, then apply to labor arbitration for a ruling. If the parties involved are not satisfied with the ruling, they can appeal to the people's court for a ruling. **The Kunshan plant was awarded of Harmonious Labor Relations Enterprise by the Suzhou City in 2021.**

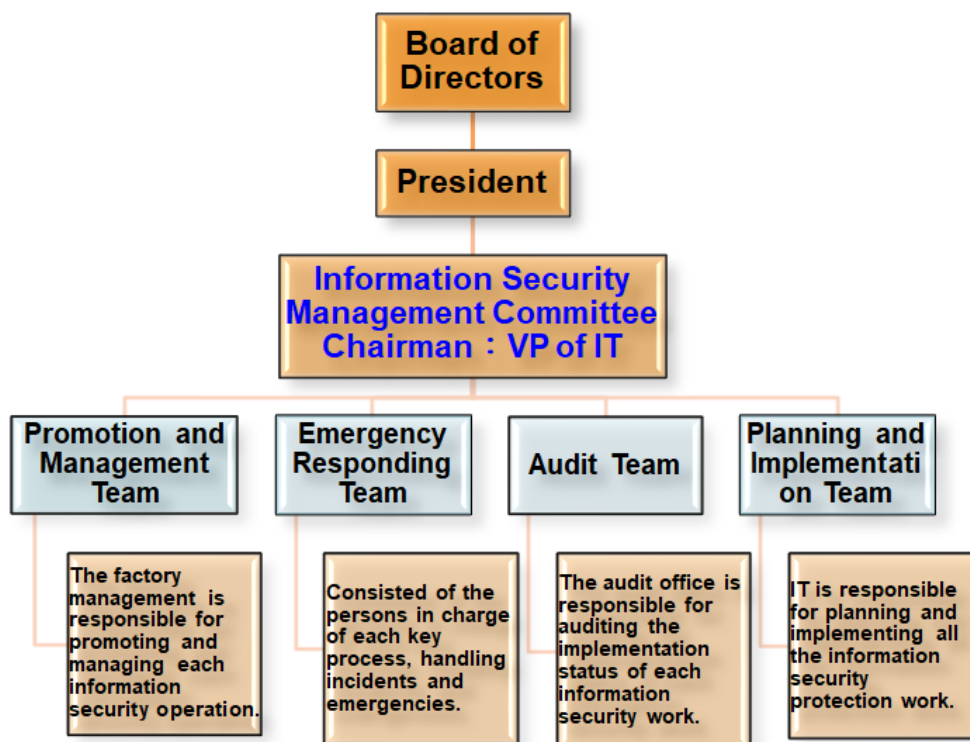
(B) Clearly list out losses sustained from employee-related disputes from the most recent year to the date on the annual report, and disclose estimates (in dollar amount) of what could happen currently and in the future and their countermeasures. If unable to provide a reasonable estimate, a company should explain the facts that it is unable to rationally estimate.

1. Neither Kunshan Factory nor Huangshi Factory had loss for labor disputes in 2022.
2. In the future, the Company will continue to maintain positive employer-employee relationship through emphasizing employee benefit measures and providing smooth communication channels. The Company does not anticipate that any significant employee-related disputes will occur, nor will it lead to any significant losses in the future.

E. Information security management

Elaboration on the information security risk management framework, the information security policy, the specific management plan, and the resources invested in the information security management, etc.

1. Information Security Risk Management Framework:



- (1) The Company established the "Information Security Management Committee" on August 5, 2020, which is responsible for the governance, planning and implementation of information security of the Group, in order to build the company's comprehensive information security defense capabilities and colleagues' awareness of information security.
- (2) Chaired by the VP of IT, reporting to the President, and regularly assessing information security risks and reporting to the board of directors.
2. Information Security Policy:
 - (1) Establish the concept of "Everyone should be held accountable for information security", enhance colleagues' awareness of information security, and supervise colleagues to implement information security protection work.
 - (2) Comply with international information security standards and local information security laws and regulations.
 - (3) Provide customer information and important information assets of the company with appropriate protection measures to maintain normal and continuous operation of the company.
 - (4) Continue to pay attention to changes in the information environment and conduct relevant risk assessments.
3. Specific management plan:
 - (1) Establish ISO27001 information security management system and maintain the effectiveness of system operation. (Obtained BSI certification on 2022.01.24)
 - (2) Periodically and automatically perform bug scans for the website and system.
 - (3) Sign regular contracts with external information security companies to ensure that all software services including IT and OT equipment installed on backend systems are kept up-to-date, and all bugs have been fixed.
 - (4) **Manage and monitor the company's mobile devices**
 - (5) Import multi-engine antivirus and add antivirus firewall.
 - (6) Daily disk/memory offline backup, weekly cloud offline backup; regular restore drills every six months to avoid cyber extortion.
 - (7) **Establish remote work support, improve problem solving efficiency, repair abnormalities without distance concern**
 - (8) Regularly check the legitimacy of the account authority, cancel the account authority of the resigned employees, and regularly change the internal password.
 - (9) Provide regular information security training to senior managers and entry-level employees to effectively establish information security defense lines.
 - (10) Regularly carry out information security incident response drills.
 - (11) Use SANGFOR Internet Behavior Management System for web filtering, behavior control, traffic management, prevention of internal network leakage, legal risks and Internet security, etc.; set up firewalls and anti-virus walls to prevent malicious attacks and viruses from spreading to the internal network, And prevent unauthorized users from entering the system; use WhatsUp system to monitor the network status of servers, switches and other equipment.
4. Investing in the resources of information security management:
 - (1) There are currently 5 personnel in charge of information security, and among the personnel who will continue to increase, it is expected to increase to 8 in 2023.
 - (2) At present, the construction cost of information security software and hardware equipment is about NTD30 million.
 - (3) The estimated cost of information security in 2023 is about NTD**6.4** million.

(B) List the losses, possible impacts and countermeasures suffered by major information security incidents in the most recent year as of the date of publication of the annual report. If it is impossible to estimate reasonably, the fact that it cannot be reasonably estimated shall be stated: None

G. Important Contracts: none.

VI. Financial Overview

A. Concise Balanced Sheet and Income Statement for the past 5 years

(A) Concise Balance Sheet

1. Concise Balance Sheet - Consolidated

Year		Financial Information for the past five years (Note 2)				
Item		2018	2019	2020	2021	2022
Current assets		7,761,251	7,492,419	7,281,248	10,826,446	9,478,273
Real estate, factories and equipment		5,940,726	5,331,401	5,240,292	6,241,643	9,947,463
Intangible assets		20,836	13,709	28,812	44,583	67,801
Other assets		585,792	681,399	634,954	525,923	520,168
Total assets		14,308,605	13,518,928	13,185,306	17,638,595	20,013,705
Current liabilities	Prior to allocation	7,963,984	8,151,762	6,593,878	10,462,119	10,177,714
	After distribution	7,963,984	8,151,762	6,704,884	10,656,382	(Note 3)
Non-current liabilities		2,415,121	1,457,045	1,460,162	1,655,680	3,682,589
Total liabilities	Prior to allocation	10,379,105	9,608,807	8,054,040	12,117,799	13,860,303
	After distribution	10,379,105	9,608,807	8,165,046	12,312,062	(Note 3)
Equity from parent company		3,929,500	3,910,121	5,131,266	5,520,796	6,153,402
Capital stock		2,810,594	2,810,594	2,775,141	2,775,184	2,775,490
Paid-in capital		1,061,873	1,061,873	1,250,883	1,314,873	2,970,307
Retained earnings	Before distribution	340,292	495,598	1,510,116	1,869,564	600,917
	After distribution	340,292	495,598	1,399,110	1,675,301	(Note 3)
Other equity		-283,259	-457,944	-404,874	-438,825	-324,242
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	130,930
Total equity	Before distribution	3,929,500	3,910,121	5,131,266	5,520,796	6,153,402
	After distribution	3,929,500	3,910,121	5,020,260	5,326,533	(Note 3)

Unit: NTD thousands

Note 1: **Emphasis of matter paragraphs in combined report.**

Note 2: The above annual financial information has been verified by certified public accountant.

Note 2: The resolution is finalized after the resolution of the shareholders meeting.

2. Concise Balance Sheet - Unconsolidated

Unit: NTD thousands

Year Item		Financial information for the past five years (Note 2)				
		2018	2019	2020	2021	2022
Current assets		(Note 1)			0	7,354
Investment using the Equity Method					5,520,796	6,045,287
Real estate, plants and equipment					0	357
Intangible assets					0	0
Other assets					0	0
Total assets					5,520,796	6,052,998
Current liabilities	Prior to distribution				0	30,526
	After distribution				0	(Note 3)
Non-current liabilities					0	0
Total liabilities	Prior to distribution				0	30,526
	After distribution				0	(註 3)
Capital stock					2,775,184	2,775,490
Paid-in capital					1,314,873	2,970,307
Retained earnings	Before distribution				1,869,564	600,917
	After distribution				1,675,301	(Note 3)
Other equity					-438,825	-324,242
Treasury stock					-	-
Total equity	Before distribution				5,520,796	6,022,472
	After distribution				5,326,533	(Note 3)

Note 1: **Emphasis of matter paragraphs in single report.**

Note 2: The above annual financial information has been verified by certified public accountant.

Note 3: The resolution is finalized after the resolution of the shareholders meeting.

(B) Concise Income Statement

1. Concise Income Statement - Consolidated

Unit: NTD thousands

Item \ Year	Financial information for the past five years (Note 2)				
	2018	2019	2020	2021	2022
Revenue	13,058,285	13,717,231	12,624,101	15,753,057	15,297,012
Operating Margin	1,156,213	1,759,060	1,713,650	2,582,854	2,660,203
Operating Income	-4,595	525,757	548,775	649,300	833,483
Non-operating income/expenses	-232,227	-289,121	229,108	-2,164	-56,635
Pre-tax net profit	-236,822	236,636	777,883	647,136	776,848
Net profit for this period for continuing operating units	240,885	155,306	679,065	470,454	552,634
Loss from termination of business unit	-	-	-	-	-
Net profit (loss) for this period	-240,885	155,306	679,065	470,454	552,634
Other accumulated profit/loss for this period (after-tax net value)	-37,384	-174,685	53,070	-33,951	117,940
Total comprehensive profit (loss) for this period	-278,269	-19,379	732,135	436,503	670,574
Net profit for parent company	-240,885	155,306	679,065	470,454	547,238
Net profit for non-controlling interest	-	-	-	-	-
Comprehensive profit/loss for parent company	-278,269	-19,379	732,135	436,503	661,821
Comprehensive profit/loss for non-controlling interest	-	-	-	-	-
Earnings per share	-0.86	0.63	2.58	1.70	1.97

Note 1: Emphasis of matter paragraphs in combined report.

Note 2: The above annual financial information has been verified by certified public accountant.

2. Concise Income Statement - Unconsolidated

Unit: NTD thousands

Item \ Year	Financial information for the past 5 years (Note 2)				
	2018	2019	2020	2021	2022
Revenue				470,454	570,053
Operating Margin				470,454	570,053
Operating Income				470,454	547,272
Non-operating income/expenses				0	-34
Pre-tax net profit				470,454	547,238
Net profit for this period for continuing operating units				470,454	547,238
Losses for terminated business unit				-	-
Net profit (loss) for this period				470,454	547,238
Other accumulated profit/loss for this period (after-tax net value)				-33,951	114,583
Total comprehensive profit (loss) for this period				436,503	661,821

Earnings per share		1.70	1.97
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Note 1: **Emphasis of matter paragraphs in single report.**

Note 1: The above annual financial information has been verified by certified public accountant.

(C) CPA Names and Opinions for the Past Five Years

Year	CPA's Accounting Firm	Names of CPA	Opinion
2018	Ernst & Young Taiwan	Ching-Piao Cheng, Mao-Yi Hung	Unqualified opinion
2019	Ernst & Young Taiwan	Ching-Piao Cheng, Mao-Yi Hung	Unqualified opinion
2020	Ernst & Young Taiwan	Ching-Piao Cheng, Hsiao-Chin Lo	Unqualified opinion
2021	Ernst & Young Taiwan	Chi-ming Chang, Kuo-shuai Chen	Unqualified opinion
2022	Ernst & Young Taiwan	Chi-ming Chang, Kuo-shuai Chen	Emphasis of matter and other matter paragraphs of unqualified opinion

B. Financial Analysis for the Past Five Years

(A) Financial Analysis - Consolidated

Item to be analyzed \ Year		Financial Analysis for the past five years(note2)				
		2018	2019	2020	2021	2022
Financial structure	Debt to asset ratio (%)	72.54	71.08	61.08	68.70	69.25
	Long-term funds to fixed asset ratio (%)	106.8	100.67	125.78	107.92	94.99
Debt payback ability	Liquidity ratio (%)	97.45	91.91	110.42	103.48	93.13
	Current ratio (%)	67.58	67.83	80.48	71.76	62.22
	Interest protection multiples	-0.21	2.07	5.84	5.81	4.29
Operational ability	Receivables turnover (times)	3.54	3.35	3.1	3.63	3.35
	Average collection turnovers (days)	103	109	118	101	109
	Inventory turnover (times)	7.02	7.01	7	5.38	4.18
	Payables turnover (times)	5.12	4.89	4.13	4.12	3.84
	Average inventory turnover (days)	52	52	52	68	87
	Fixed asset turnover (times)	2.42	2.43	2.39	2.59	0
	Total asset turnover (times)	0.99	0.99	0.95	1.02	0.81
Profitability	Return on assets (%)	-0.59	2.44	6.05	3.75	3.94
	Return on equity (%)	-5.92	3.96	15.02	8.83	9.48
	Profit before tax to paid-in capital ratio (%)	-8.43	8.42	28.03	23.32	27.99
	Net Profit Margin (%)	-1.84	1.13	5.38	2.99	3.61
	Earnings per share (NTD)	-0.86	0.63	2.58	1.70	1.97
Cash flow	Cash flow ratio (%)	(note3)	20.22	25.19	1.45	14.64
	Cash flow adequacy ratio (%)	37.38	46.96	58.5	38.14	46.93
	Cash reinvestment ratio (%)	(note3)	15.81	14.06	0.30	7.94
Leverage	Operating leverage	(note4)	2.59	4.59	5.09	3.72
	Financial leverage	(note4)	1.73	1.41	1.26	1.39
Explanation of the reasons for changes in various financial ratios in the last two years (items that have increased or decreased by 20%)						
1. Decrease in interest protection multiples: mainly due to increase in interest.						
2. Decrease in inventory turnover rate and increase in average sales days: mainly due to decrease in sales costs.						
3. Decrease in the turnover rate of real estate, plant and equipment: mainly due to the increase in fixed assets.						
4. Decrease in turnover rate of total assets: mainly due to increase in assets.						
5. The ratio of pre-tax net profit to paid-in capital increased: mainly due to the increase in pre-tax profit and loss.						
6. Increase in net profit ratio: mainly due to the increase in after-tax profit and loss.						
7. Increase in cash flow ratio, cash flow allowance ratio, and cash investment ratio: mainly due to the decrease in current assets caused by inventory and accounts receivable, and the increase in cash flow from operating activities.						

Note 1: **Emphasis of matter paragraphs in combined report.**

Note 2: The above annual financial information has been verified by certified public accountant.

Note 3: The total net cash flow of operating activities is negative, so the relevant ratio of the cash flow is not

Note 4: Operating profit or operating profit after deducting interest expenses is negative, so it is not applicable.

Note 5: The calculation formulas of financial ratios are as follows:

1. Financial structure
 - (1) Debt to asset ratio = total liabilities / total asset
 - (2) Long-term funds to fixed asset ratio (%) = (total equity + non-current liabilities) / net real estate, factory plants and equipment
2. Debt payback ability
 - (1) Liquidity = current assets / Current liabilities
 - (2) Current ratio = (current assets – inventory – prepaid expense) / Current liabilities
 - (3) Interest protection multiple = income tax and net income before interest / interest expense for this period
3. Operational ability
 - (1) Receivable (including accounts receivable and bills receivable from operations) turnover ratio = net sales / accounts receivables and outstanding bills receivable
 - (2) Average collection turnovers = 365/accounts receivable ratio
 - (3) Inventory turnover = cost of goods sold / amount of average stock
 - (4) Payables turnover ratio = payables (including accounts payable and bills payable from operations) cost of goods sold / accounts payables and bills payables
 - (5) Average inventory turnover = 365 / payables turnover ratio
 - (6) Fixed asset turnover = net sales / net fixed asset
 - (7) Total asset turnover = net sales / average total asset
4. Profitability
 - (1) Return on assets = (profit or loss after tax + interest expense x (1 – interest rate))/average total asset
 - (2) Equity ratio = profit or less after tax / average total equity
 - (3) Net profit margin = profit or loss after tax / net sales
 - (4) Earnings per share (EPS) = (equity from parent company – preferred stock dividend) /weighted average of issued shares (note 3: preferred stock dividend)
5. Cash flow
 - (1) Cash flow ratio = net operational cash/Current liabilities
 - (2) Net cash flow adequacy ratio (%) = net operating cash flow for the past 5 years / (capital expenditure + increase in inventory + cash dividend for the past 5 years)
 - (3) Cash reinvestment ratio = (net operating cash flow – cash dividend) / (fixed asset + long-term investment + other non-current assets + operational funds) (note 4)
6. Leverage
 - (1) Operational leverage = (net revenue – changes in operating cost and expenses) /operating profit
 - (2) Financial leverage = operational income / (operational income – interest expense)

Note 6: When considering the calculation formula of EPS, please pay special notice to the following:

1. This uses weighted average number of common stock as basis, rather than the issued stock by year end.
2. Those that have increases in cash or treasury stock should consider its circulation period in calculating weighted average number of shares.
3. Those that have reinvestment from earnings or increases in paid-in capital, in calculating EPS for past years and half-year, should adjust retroactively according to the ratio of increases, and do not need to take their release period into consideration.
4. If preferred stocks are accumulated preferred stock that cannot be transferred, then the share dividend (whether paid out) for that year should be subtracted from the profit after tax, or add onto loss after tax. If the preferred stock is non-accumulative in nature, when there is profit after tax, the dividend from preferred stock should be subtracted from profit after tax, but if there is loss, then no adjustment is necessary.

Note 7: When taking cash flow analysis into consideration, please pay special attention to the following:

1. Net operational cash flow refers to the operational net cash flow inflow in the cash flow statement.
2. Capital expenditure refers to the amount of cash outflow of capital investment each year.
3. Inventory increase is not calculated until when the ending inventory is greater than the opening balance. If inventory decreases by year end, this will be counted as zero.
4. Cash dividend includes cash dividend for common and preferred stock.
5. Gross fixed asset refers to the total fixed asset after deducting fixed asset prior to accumulated depreciation.

(B) Financial Analysis - Unconsolidated

Item to be analyzed			Financial Analysis for the past five years(note2)							
			2018	2019	2020	2021	2022			
Financial structure	Debt to asset ratio (%)		(note1)			(note3)	0.50			
	Long-term funds to fixed asset ratio (%)					(note3)	1,686,966.95			
Debt payback ability	Liquidity ratio (%)					(note3)	24.09			
	Current ratio (%)					(note3)	22.88			
	Interest protection multiples					(note3)	12,727.47			
Operational ability	Receivables turnover (times)					(note3)	-			
	Average collection turnovers (days)					(note3)	-			
	Inventory turnover (times)					(note3)	-			
	Payables turnover (times)					(note3)	-			
	Average inventory turnover (days)					(note3)	-			
	Fixed asset turnover (times)					(note3)	3,193.57			
	Total asset turnover (times)					0.09	0.10			
Profitability	Return on assets (%)					8.52	9.46			
	Return on equity (%)					8.52	9.48			
	Profit before tax to paid-in capital ratio (%)	Operating profit				16.95	19.72			
		Net profit before tax				16.95	19.72			
	Net Profit Margin (%)					100.00	96.00			
	Earnings per share (NTD)					1.70	1.97			
Cash flow	Cash flow ratio (%)					(note3)	(note3)			
	Cash flow adequacy ratio (%)					(note3)	(note3)			
	Cash reinvestment ratio (%)					(note3)	(note3)			
Leverage	Operating leverage					1.00	1.04			
	Financial leverage					1.00	1.00			
Explanation of the reasons for changes in various financial ratios in the last two years (items that have increased or decreased by 20%)										
1. Decrease in total asset turnover: Mainly due to the increase in total assets resulted from the increase in equity method investments.										
2. Decrease in return on assets: Mainly due to the increase in total assets resulted from the increase in equity method investments.										
3. Decrease in return on equity: mainly due to increase in shareholders' equity.										

Note 1: Emphasis of matter paragraphs in single report.

Note 2: The above annual financial information has been verified by certified public accountant.

Note 3: The amount of money is 0.

- C. The audit report from the audit committee for the financial report of the most recent year
Please see page 183 in this report.
- D. The financial statement of the most recent year, including accountant's audit report, balance sheet with two-year comparison, income statement, changes in equity, cash flow statement, and notes and attached tables.
Please see pages 185 ~ 288 in this report.
- E. The Company's individual financial report of the most recent year with CPA's check and verification, excluding detailed table of important accounting items.
Please see pages 289 ~ 384 in this report.
- F. From the most recent year to the date on this report, if any financial difficulties or turnover problems should occur to the Company and its affiliated firms, please list out their impacts on the financial conditions of the Company: none.

VII. Review and Analysis of Financial Conditions and Performance, and Risk Management

A. Analysis of Financial Conditions

Unit: NTD thousands

Item \ Year	2021 (Consolidated)	2022 (Consolidated)	Variance	
			Amount	%
Current Assets	10,826,446	9,478,273	-1,348,173	-12.45%
Property, Plant and Equipment	6,241,643	9,947,463	3,705,820	59.37%
Other Assets and Intangible Assets (Including Funds and Investments)	570,506	587,969	17,463	3.06%
Total Assets	17,638,595	20,013,705	2,375,110	13.47%
Current Liabilities	10,462,119	10,177,714	-284,405	- 2.72%
Non-current liabilities	1,655,680	3,682,589	2,026,909	122.42%
Total Liabilities	12,117,799	13,860,303	1,742,504	14.38%
Common Stock	2,775,184	2,775,490	306	0.01%
Capital Surplus	1,314,873	2,970,307	1,655,434	125.90%
Retained Earnings	1,869,564	600,917	-1,268,647	-67.86%
Other Equity	-438,825	-193,312	245,513	-55.95%
Total Equity	5,520,796	6,153,402	632,606	11.46%

Analysis and explanation of the increase and decrease in the ratios:

1. Decrease in current assets: mainly due to the decrease in cash and cash equivalents, accounts receivable and inventories.
2. Increase in real estate, plant and equipment: mainly due to expansion projects.
3. Decrease in other assets and intangible assets: mainly due to the increase in intangible assets.
4. Increase in total assets: mainly due to the increase in current assets and real estate, plant and equipment.
5. Decrease in current liabilities: mainly due to the decrease in short-term liability and accounts payable.
6. Increase in non-current liabilities: mainly due to the increase in long-term liability.
7. Increase in total liabilities: mainly due to the increase long-term liability and accounts payable.
8. Decrease in retained earnings: mainly due to organizational reorganization (number affected by share conversion).

B. Analysis of Financial Performance

(1) Main reasons of major changes in revenue, net operating profit and net profit before tax in the most recent two years

Unit: NTD thousands

Item \ Year	2021	2022	Variance	
			Amount	%
Net Operating Revenue	15,753,057	15,297,012	-456,045	-2.89%
Operating Cost	13,170,203	12,636,809	-533,394	-4.05%
Gross Profit	2,582,854	2,660,203	77,349	2.99%
Operating Expense	1,933,554	1,826,720	-106,834	-5.53 %
Operating Income (Loss)	649,300	833,483	184,183	28.37%
Non-Operating Income and Expenses	-2,164	-56,635	-54,471	2,517.14%
Income Before Tax (Loss)	647,136	776,848	129,712	20.04%
Income Tax (Fee) Interests	-176,682	-224,214	-47,532	26.90%
Net Income (Loss)	470,454	552,634	82,180	17.47%
Other Comprehensive Income (Net Income After Tax)	-33,951	117,940	151,891	- 447.38%
Total Comprehensive Income	436,503	670,574	234,071	53.62 %
Analysis and explanation of the increase and decrease ratio:				
1. Operating income: mainly due to the decrease in revenue.				
2. Operating costs: mainly due to the decrease in revenue.				
3. Operating profit: mainly due to the increase in operating gross profit.				
4. Non-operating income and expenses: mainly due to the increase in interest expenses.				
5. Net profit before tax: mainly due to better gross profit this year, so this year's profit increased compared with last year.				
6. Income tax expense: mainly due to operating profit in the current period.				
7. Net profit for the current period: mainly due to better gross profit this year, so this year's profit has increased compared with last year.				
8. Other comprehensive gains and losses for the current period: mainly due to fluctuations in major currency exchange rate.				
9. The total comprehensive profit and loss of the current period: mainly due to better gross profit this year, so the profit of this year has increased compared with last year.				

(2) Sales Forecast and its basis. Possible impact on the company's future financial business and response plans. Due to the many uncertainties in the environmental aspects in 2023, the company has set the main direction for 2023 by integrating the evaluation of the company's strengths and market trends:

Production capacity: According to customer demand, the Huangshi plant plans to increase HDI production capacity by approximately 30% by adopting bottleneck-free manufacturing processes.

Technology type: Including multi-layer boards, high-density interconnect boards, high-frequency boards, thick copper boards, and semi-flex boards.

Product application type:

(1) Automotive boards: Customer demand is relatively stable, and there are continued new product and part numbers. We collaborate deeply with customers in the direction of advanced driver assistance systems, smart cabins, and autonomous driving.

(2) Networking and servers: Including cloud and enterprise servers.

(3) Storage devices: Demand for solid-state drives and memory modules is increasing.

(4) Display panels: Demand is stable and new display technologies (OLED, mini-LED) are being certified.

C. Cash Flow

(1) Analysis of changes in cash flow in the most recent year

Item \ Year	2021	2022	Increase (Decrease) %
Cash flow percentage	1.45%	14.64%	910.08%
Cash flow adequacy ratio	38.14%	46.39%	23.03%
Cash reinvestment ratio	0.30%	7.94%	2537.74%
Analysis of changes in increase (decrease) percentage: Analysis of the change in the increase (decrease) ratio: the decrease in inventory in 2022 has led to an increase in net cash inflows from operating activities, resulting in an increase in the cash flow ratio, cash flow allowance ratio, and cash reinvestment ratio in 2022.			

(2) Improvement plan for insufficient cash flow: not applicable

(3) Analysis of cash liquidity for the coming Year

Cash amount from beginning of the period (A)	Projected Net Cash Flow from the Year's Operation (B)	Projected Cash Outflow for the Entire Year (C)	Projected Cash Balance (A + B - C)	Contingency Plans for Projected Insufficient Cash Position	
				Investment Plan	Financial Management Plan
\$1,677,887	\$1,742,993	-\$1,350,236	\$2,070,644	-	-

D. Impacts of Major Capital Expenditures in the Most Recent Year on Financial Operation:

(1) Use of major capital expenditures and sources of funds

The Group's capital expenditure in 2022 is NT\$3,057,249 thousand, which was mainly for the expansion construction of the Huangshi factory. The source of funds was mainly from its own funds or bank borrowings; this capital expenditure will help the Group's overall production capacity and output in the future. If the Group has a capital other expenditure plan, the financial situation at the time and the expected return in the future will be taken into consideration, which is unlikely to affect the financial business of the Group.

(2) Expected benefit

In order to strengthen the competitiveness of the production quality and cost, Huangshi Factory is transforming the production and manufacturing process into automation, intelligence and informatization. Improving its automated production capacity through the collection, analysis and control of information, and continues to expand its business in domestic and overseas markets to enhance the corporate competitiveness for the future.

E. Reinvestment Policies, Main Reasons of Profit and Loss and Improvement Plans in the Most Recent Year and Investment Plans for the Coming Year

Unit: NTD thousands

Item \ Description	Amount of reinvestment profit (loss)	Policy	Major reasons of profit or loss	Improvement plan	Investment plan for the coming year
Dynamic Electronic Co., Ltd.	184,907	Investment holdings	Recognition of investment income	-	-
WINTEK(MAURITIUS) CO., LTD.	331,372	Investment holdings	Recognition of reinvestment income	-	-
Dynamic Electronics Holding Pte. Ltd.	511,745	Investment business	Recognition of reinvestment income	-	-
Dynamic Electronic Co., Ltd.	377,765	Production site	Increased sales volume in mainland China resulted in profit for the current period	-	-
Dynamic Electronic (Kunshan) Co., Ltd.	(99,925)	Production site	Decreased sales volume in mainland China resulted in loss for the current period	-	-
Dynamic Electronics Co., Ltd. (Seychelles)	615,675	Trading business	Increased sales volume in mainland China resulted in profit for the current period	-I	-
Dynamic PCB Electronics Co., Ltd.	-61	Triangle Trade	Recognition of Consultation fee	-	-
Dynamic Electronics Overseas Investment Holding Pte. Ltd.	153	Management & operation services	Assist in the management of operating income	-	-
CHIANAN TECHNOLOGY CO., LTD.	(798)	Mockup manufacture	Operating profit	-	-
CHENG CHONG TECHNOLOGY CO., LTD.	737	Mockup manufacture	Operating profit	-	-

F. Sources of Risk

(A) Impacts of interest rate, currency exchange rate fluctuation and inflation on the Company's income and response measures in the future

Unit: NTD thousands

Item	Impacts on Company's profit/loss			Response Measures
	Year Item	2021	2022	
Interest Rate	Interest Income	8,429	16,930	The Company periodically observes market interest trends and evaluates capital sources according to bank deposit savings and applicable capital planning to reduce operation risks.
	Interest Expense	134,448	235,783	
Changes in Exchange Rate	Net profit/loss from Exchange	(51,465)	215,192	<p>1. The sales of the Group's products are mainly for export, mainly receiving U.S. dollars. In terms of procurement, except for some raw materials purchased abroad, the purchase of raw materials in China is paid in RMB. Therefore, exchange rate fluctuations still have a certain degree of impact on the Group.</p> <p>2. In order to avoid company's profit being slashed by excessive fluctuations in exchange rates, the Company strengthened the exchange rate risk control, and to take the following measures:</p> <p>A. Collect daily exchange rate information in order to fully grasp the exchange rate trend and make timely decision on converting or holding foreign currency to reduce exchange rate risks.</p> <p>B. In terms of foreign exchange capital allocation, exchange rate risk can be reduced by the offset of foreign currency claims and liabilities through regular export and imported goods transaction.</p> <p>C. For payables denominated in foreign currencies, determine the exchange rate movements and analyze exchange gains and losses, decide whether to repay early or to pay with a bank loan, in order to avoid the risk of exchange rate fluctuations, and to achieve the purpose of cost savings.</p> <p>D. Consult with bank foreign exchange sector about hedging strategy, make decision for foreign currency according to funding requirements and the exchange rate situation, in order to reduce operational risk.</p> <p>E. When the exchange rate has a greater volatility, use other tools to avoid exchange risks, such as the transaction of forward foreign exchange and other manipulations, in order to avoid the risk of changes in exchange rates.</p>
Inflation	-	-	-	In recent years, domestic and foreign markets are facing the problem of inflation, although both have a negative impact on the overall economy and individual; the company may have the relative change in the product cost, selling price and market demand, The Group keeps track of the fluctuations in the market price of upstream raw materials and maintains a good interaction with suppliers. In the future, the Group will continue to closely observe changes in the price index, analyze the impact of inflation on the company, and adjust raw material

Item	Impacts on Company's profit/loss			Response Measures
	Year	2021	2022	
	Item			inventory in a timely manner to tackle the pressure from inflation.

(B) Major Reasons for Transaction Policies, Profit or Loss from Engaging in High-risk and Hyper-leveraged Investments, Fund Lending, Endorsement/ Guarantee and Derivatives and Correspondent Procedures and Response Measures

The Group does not engage in high-risk, high-leverage investments, and conducts fund allocation and hedging activities based on the principle of conservativeness and stability.

The company complies with relevant operating procedures, it also regularly make announcements and declarations in accordance with the regulations of the competent authority when engages in fund loans, endorsement guarantees and derivative commodity transactions.

- a. Loan funds to others: As of the date of publication of the annual report, the Group's fund loans have been limited to the company and its subsidiaries.
- b. Endorsement guarantee: As of the date of publication of the annual report, the objects of endorsement guarantee provided by the Group have been limited to the company and its subsidiaries.
- c. Situation of the Company's Derivatives Trading:

The Company's main derivatives exchange primarily involve forward transactions in order to reduce foreign exchange risks. On the basis of the consolidated financial statements, In 2022, foreign exchange derivatives and foreign currency exchange gains and losses measured by fair value were recognized in current profit and loss was a net loss of NTD47,625 thousand, and in 2023 Q1, foreign exchange derivatives measured by fair value and foreign currency exchange gains and losses recognized in current gains and losses were net loss NTD3,100,000. The hedging result is reasonable. The Company periodically evaluates risks and reports to the board of directors at every board meeting. In the future, the Company will continue to observe foreign currency exchange rate trends, conduct forward transaction operations within the board of directors authorized limits, in order to reduce company risks in holding USD capital.

(C) R&D Plans and Estimated Expenses in Coming Years

- a. The R&D plan for 2023 includes: 5G telecom/datacom small cell process capability build up and samples, High-end Server, Switch, Mini LED Display process capability establishment and sample production, embedded component products, heat dissipation management products (Coin, Cavity, Edge plating, copper paste) , 6oz up thick copper) process capability establishment and sample, high frequency base station, satellite antenna product process capability establishment.
- b. It is expected that the R&D budget to be invested in 2023 will be NTD770,049 thousand.

(D) Effects of domestic/foreign policy changes and law amendments on the Company's finance and response measures

- a. The latest amended laws and regulations in Taiwan related to the company in 2021 include: Article 172-2 and Article 356-8 of the Company Act; Income Tax Act, Income Basic Tax Act; regulations related to public offering companies (Regulations Governing Information to be Published in Annual Reports of Public Companies, Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies, Regulations Governing Establishment of Internal Control Systems by Public Companies, Regulations Governing the Administration of Shareholder Services of Public Companies)...etc. The above-mentioned amendments have no significant effect on related aspects, but it is required to follow the new concept and rules. We are highly alert to the amendment of laws, regulations and policies, any regulations related to the company's daily operations or long-term development will be immediately assessed and planned carefully and incorporated into the company's development strategy.
- b. China's amended laws and regulations in 2021 include: Noise Pollution Prevention and Control Law, Science and Technology Progress Law, Population and Family Planning Law, Implementation Regulations of the Land Management Law, Regulations on the Administration of Pollution Discharge Permits, and Jiangsu Province Water Pollution Prevention and Control Regulations, in which the Noise Pollution Prevention and Control Law is the governance clearly specified in China's 14th Five-Year Plan and 2035 long-term goals. This revision includes: widening the objects of prevention and control, expanding the scope of application of the law, incorporating the national economic and social development planning of governments at or above the county level in response to the public's needs for high-quality public services, strengthening source prevention and control, such as the regulation of noise levels for industrial equipment limit, strengthen noise classification management and make penalties more serious. The main revision of the Population and Family Planning Law is to advocate that a married couple can have three children. To sum up, China's development is towards the goal of green layout and population growth.

(E) Effects of technology development (including information security) and industry changes on the Company's finance and response measures

Following the electronic technology expanding to communications, personal mobile devices and Internet communities, the company's PCB have also been successfully extended to 5G communications, server, satellite communication and networking product, storage devices, electric vehicle, internet, wearable devices and medical equipment and other fields. The company pays close attention to the changes in technology and industry, while constantly sophisticated our technology development and process capabilities, also to adjust the strategy to cope with the changes in the market at all time. The company continues to expand the security software and hardware equipment to maintain the company's information security, protect the

company's important confidential information, and ensure no interruption in production and no leakage of internal and customer confidential information.

- (F) Effects of changes of corporate images on the Company's crisis management and response measures: Not applicable
- (G) Expected Benefits, Risks and Response Measures in Mergers and Acquisitions: None
- (H) Possible risks and response measures and expected benefits from plant expansion: The Company properly planned and maintained the flexibility of the production capacity when expanding the Huangshi plant. When the demand for products is effectively grasped, the Company will enhance the production process and output to avoid the risk of idle production capacity. The possible risk and response measures are as follows:
- a. Risk of raising working capital
Response measures: own funds, bank loans, mainland government subsidies.
 - b. Risk of customer orders
Response measures: Strengthening the yield, quality and technical capacity, developing high-end, high value-added niche-type products, meantime planning alternative products.
- (I) Risks and Response Measures in Concentration in Purchase and Sales
In the recent two years, only one of the company's suppliers account for over 10% of the company's purchasing net amount, and the highest percentage is 13.59% of the company's total purchase amount, so there is no risk caused by excessive concentration. In the recent two years, Two of the company's customers accounts for over 10% of the company's sales net amount, and the highest percentage is 17.22% mainly because the company is committed to improving the product portfolio of automotive boards, but there is no situation where the sales are too concentrated that might lead to risks.
- (J) Impacts, Risks and Response Measures in Changes or Transfer in Directors, Supervisors and Substantial Shareholders with Shareholdings Greater than 10%: Not applicable.
- (K) Impact, Risks and Response Measures in Changes of Ownership: Not applicable.
- (L) With regard to litigation or non-litigation events, the name of its board directors, supervisors, Presidents, major shareholders holding greater than 10% of outstanding shares and the Company's subsidiaries should be stated. With regard to litigation (whether pending or for which a verdict has been reached), non-litigation or administrative appeals involving the Company, and the results may greatly affect the rights of its shareholders and bond prices, the Company shall disclose the details of the disputes, the amount involved, the litigation starting dates, primary litigants, and the status as of the publishing date of the annual report:

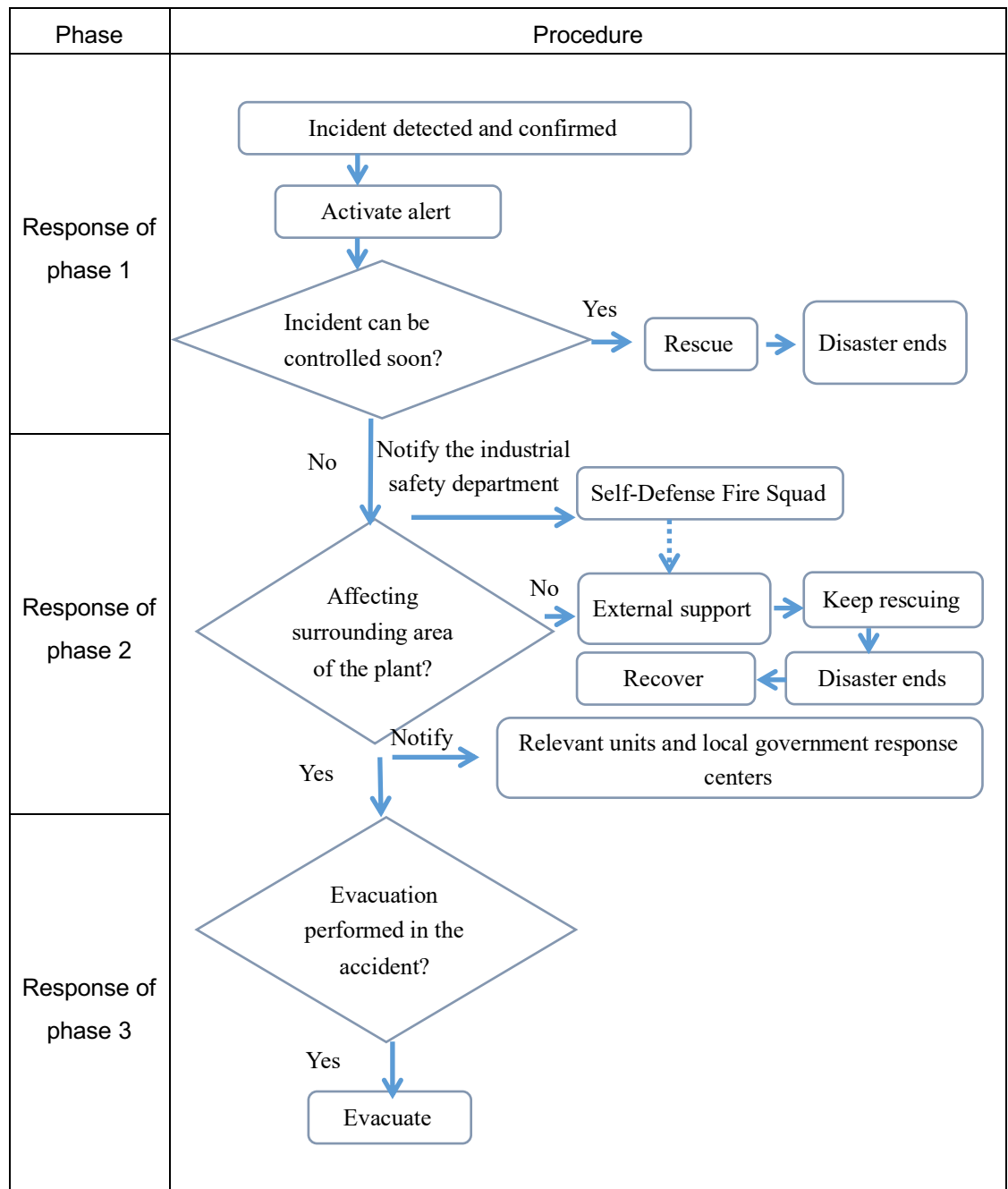
None of the Company's directors, president and subsidiaries - Kunshan Plant and Huangshi Plant is in a lawsuit, non-litigation and administrative disputes whose results may have a significant impact on the company's shareholders' equity or prices of securities.

(M) Other Major Risks and Response Measures:

1. Assessment of Risk Issues

In 2022, the Risk Management Committee assessed a total of 9 risk issues, including: the potential risks of electric energy, water resources and water hazards faced by the factory construction in Thailand; the risk of the European energy crisis to the company's business; the risks caused by the unstable shipping schedule due to the global COVID-19 epidemic; the risk of shrinking PCB profit margins due to the increase in raw material prices caused by the Russia-Ukraine war and increasing transportation costs; the impact of the reduction in automobile production caused by the war on Dynamic's business; the risk of being attacked by ransomware and affecting operations. The responsible units have developed response plans, and after being reviewed by the audit committee, the plans will be reported to the board of directors and followed up.

2. Preparations and Response Procedures for Emergency Situations



3. Other incidents impacting normal operation:

1	When short on staff	<ol style="list-style-type: none"> 1) Short-term: Flexible manpower allocation of personnel between production lines. The production management unit arranges outsourcing according to the situation to avoid affecting production and delivery. 2) Mid-term: In addition to retaining employees, reducing the turnover rate, adjusting promotion channels such as promotion, continuing to strengthen employee relations, etc., while continuing to broaden the external recruitment channels, including internal referral, internal recruitment, Internet, school recruitment, intermediaries, etc. to stabilize the acquisition of Manpower needed to achieve operational goals. 3) Long-term: Improving the overall quality of the staff. Realizing a high standard and high degree of equipment automation and information automation.
2	During production equipment malfunction	<ol style="list-style-type: none"> 1) When malfunction of production equipment occurs, first send the engineering personnel to understand the situation and make analysis, then to shut down the power for the malfunctioning equipment and hang the caution sign for "under maintenance." 2) If the engineering personnel is unable to handle the problem, the department in requirement is to submit an "Equipment maintenance application/purchase order form" and then the engineering department is responsible for contacting maintenance company to come for repair. 3) After the maintained equipment is confirmed by the manufacturing process supervisor, and has its "Repair/Maintenance record" recorded with its maintenance. If the repair cannot be complete smoothly, the production planning personnel will conduct production coordination. 4) Repair/Maintenance contracts should be signed with main production equipment and manufacturing suppliers. 5) To avoid the impact of major production equipment failure on the production capacity, the maintenance contracts for the key production equipment will be signed with the equipment manufacturers.
3	During contingencies in public services: water/ electricity outage	<ol style="list-style-type: none"> 1) Keep generators in good condition in order to maintain regular operations during emergency electrical outage. 2) Build additional water storage tank, obtain groundwater rights for temporary use in times of short-term water outage. 3) In times of water/electricity outage, in addition to taking emergency response measures, production modification plans should be made by the production manager or outsourced to legitimate manufacturers. 4) In times of contingencies, the production unit should immediately take control of products in the process of production and have the series labeled for future quality tracking.
4	During supplier emergency situations	<ol style="list-style-type: none"> 1) Check the inventories at factory and at supplier. 2) Develop new suppliers and new materials, increase supply sources, avoid the risk of supply from a single manufacturer, ensure smooth supply, and improve bargaining and services. 3) Regular raw materials are stocked up for safety stock, and the utilization rate is improved and the scrap rate is reduced. 4) The Plant President calls a response team to discuss response strategies. 5) Depending on the type of situation, all department supervisors act up to the directions instructed by the response team.
5	Sudden	<ol style="list-style-type: none"> 1) Maintain and regularly rehearse emergency responding actions.

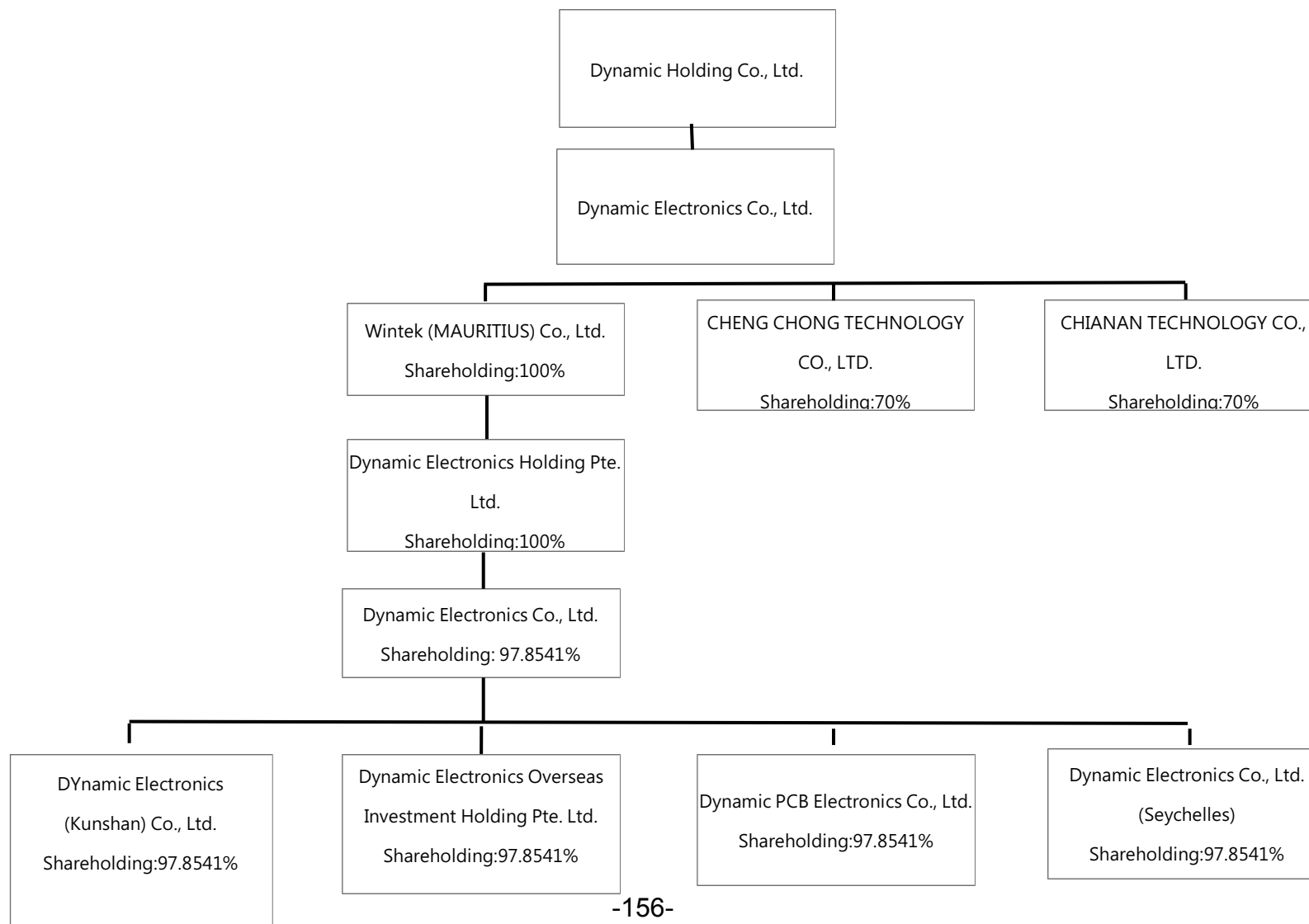
	environmental pollution incident	Formulate emergency plans and reserve emergency disposal supplies and personnel. 2) Set up and maintain the normal function of the emergency collection pool, which can be used when an environmental pollution accident occurs, so as to ensure that the external environment and the normal production capacity of the plant will not be affected.
6	Sudden fire and safety accident	1) Formulate corresponding emergency plans and conduct regular dry run to clarify the duties of each participant. 2) Ensure the normal and effective operation of the fire detection system. 3) Insurance covers important products and factory facilities
7	InfoSec Issues such as devices attacked by viruses and hacker intrusion.	1) Keep all the anti-virus software for the entire plant's equipment and personal computers functioning properly. 2) Establish an SOP for machine entry and maintenance. Scan for viruses before connecting any USB or NB to the network of any device to confirm the safety before proceeding with maintenance. 3) If an abnormality is found on site, IT unit is notified as soon as possible to deal with it. IT personnel immediately isolate the network segment and find the cause of the virus attack and report the status every hour, and operate in accordance with the information security emergency plan.
8	InfoSec Issues (confidential information leakage)	1) Establish corresponding management standards for the accesses (such as e-mail, laptops, and mobile phones) that might leak company's confidential information. 2) When information leakage is discovered, the unit to which the data belongs will evaluate the importance of the leakage information and, if necessary, notify legal affairs to deal with it in accordance with the law.
9	Public disaster (food poisoning)	1) The restaurant management is strictly implemented on daily basis. Food samples are kept. 2) Sign a paramedic agreement with a nearby hospital, so that paramedic assistance can be immediately provided upon the event of an accident.
10	Epidemic outbreak (SARS, COVID-19)	1) It is forbidden for all company personnel to travel to the epidemic area. 2) Factories and customer service centers located in epidemic areas shall take precautions (wear masks, wash hands frequently), quarantine, and report in accordance with government regulations. 3) Implement work-from-home plan if necessary. 4) Allocate reasonable manpower depending on the development of the epidemic.
11	One of the factories is unable to fully run the production	1) Plan the coordination between production and sales, arranged other factories to support production and distributions. 2) There are currently two factories, Kunshan factory in Jiangsu and Huangshi factory in Hubei sharing the ERP system and supporting each other for production. 3) Certify outsourcing factories for emergency support when the situation occurs.

G. Other Important Matters: none.

VIII. Affiliated Companies and Other Special Disclosures

A. Related Information on Affiliated Companies

(A) Subsidiaries and Affiliated Companies Business Organization Structure



(B) Basic Information of Subsidiary and Affiliated Companies:

Unit: thousand ; Dec. 31, 2022

Company Name	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
Dynamic Electronics Co., Ltd.	1988.08	6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City, Taiwan	NTD 2,775,489	PCB and business which relates to import and export
WINTEK(MAURITIUS) CO., LTD.	2001.12	Level3,Alexander House,35 Cybercity,Ebene ,Mauritius	USD 85,810	Investment Holdings
Dynamic Electronics Holding Pte. Ltd.	2015.01	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE (169876)	USD 141,917	Investment Holdings
Dynamic Electronics Co., Ltd.	2015.11	No. 189, Jinshan Avenue, Huangshi Economic and Technological Development Zone, China	RMB 384,529	Manufacture and sales of PCB
Dynamic Electronics (Kunshan) Co., Ltd.	2002.02	No. 1688, Jinshajiang North Road, Kunshan, Jiangsu, China	USD 80,000	Manufacture and sales of PCB
Dynamic Electronics Co., Ltd. (Seychelles)	2014.10	1 st Floor,#5DEKK House,De Zippora Street, Providence Industrial Estate, Mahe,Republic of Seychelles	USD 50	PCB and business which relates to import and export
Dynamic PCB Electronics Co., Ltd.	2008.01	1 st Floor,#5DEKK House,De Zippora Street, P.O.BOX 456 Providence Industrial Estate, Mahe, Republic of Seychelles	USD 50	PCB and business which relates to import and export
Dynamic Electronics Overseas Investment Holding Pte. Ltd.	2015.01	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE (169876)	USD 50	Management Operations Services
CHIANAN TECHNOLOGY CO. LTD.	1978.02	2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City	NTD 6,000	Mockup manufacture
CHENG CHONG TECHNOLOGY CO.,LTD.	2015.01	17F, No. 545, Longan Road, Xinzhuang District, New Taipei City	NTD 5,000	Mockup manufacture

(C) Companies with Control or Subsidiary Relationships according to Article 369-3 of the R.O.C. Company Law: none

(D) Business Operations within Company Affiliates and their Relationships: Investment, Shareholding, Manufacturing Operation and Trade.

(E) Information about Directors, Supervisors, and Managers of Subsidiary and Affiliates:

Unit: Shares; Dec. 31, 2022

Company Name	Title	Name or Representative	Holding of Shares	
			Shares	%
Dynamic Electronics Co., Ltd.	Chairman	Ken Huang		
WINTEK(MAURITIUS) CO., LTD.	Director	Ken Huang	8,581,000	100.00%
Dynamic Electronics Holding Pte. Ltd.	Director	Ken Huang, Jean Liu, Lily Chiang, Wuan-hui Lin	141,917,000	100.00%
Dynamic Electronics Co., Ltd.	Director Supervisor President	Ken Huang, Jean Liu, Dai-long Li, Louis Chiu Shi-ming Wang Zhi-yuan Liu, Li Xian-ze Li, Meina Zhu Ken Huang	376,277,619	97.8541 %
Dynamic Electronics (Kunshan) Co., Ltd.	Executive Director Supervisor President	Ken Huang Jean Liu Ken Huang	-	97.8541 %
Dynamic Electronics Co., Ltd. (Seychelles)	Director	Ken Huang	48,927	97.8541 %
Dynamic PCB Electronics Co., Ltd.	Director	Ken Huang	48,927	97.8541 %
Dynamic Electronics Overseas Investment Holding Pte. Ltd.	Director	Ken Huang, Jean Liu, Lily Chiang, Wuan-hui Lin	48,927	97.8541 %
CHIANAN TECHNOLOGY CO. LTD.	Chairman Supervisor President	Jason Wu Lily Chiang Zheng-wei Hsu	7	70.00%
CHENG CHONG TECHNOLOGY CO.,LTD.	Chairman Supervisor President	Jason Wu Lily Chiang Zheng-wei Hsu	7	70.00%

(F) Operation Results of Affiliated Companies

Unit: thousand NTD; Dec. 31, 2022

Company Name	Paid-In Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income	Net Income	EPS
Dynamic Holding Co., Ltd.	2,775,489	6,052,998	30,526	6,022,472	570,053	547,272	547,238	1.97
Dynamic Electronics Co., Ltd.	2,775,489	6,527,059	481,722	6,045,287	393,327	-17,354	570,053	-
WINTEK(MAURITIUS) CO., LTD.	2,783,433	5,615,401	0	5,615,401	0	-167	527,098	-
Dynamic Electronics Holding Pte. Ltd.	1,559,261	5,614,397	169	5,614,228	0	-281	527,258	-
Dynamic Electronics Co., Ltd.	2,456,800	17,399,516	11,636,958	5,762,558	8,986,199	625,779	525,407	-
Dynamic Electronics (Kunshan) Co., Ltd.	1,788,858	6,740,529	3,899,862	2,840,667	9,286,090	-202,656	-102,199	-
Dynamic Electronics Co., Ltd. (Seychelles)	1,556	4,416,702	4,102,574	314,128	11,456,681	620,626	633,609	-
Dynamic PCB Electronics Co., Ltd.	1,555	2,994,611	2,992,657	1,954	10,676,262	-71	-61	-
Dynamic Electronics Overseas Investment Holding Pte. Ltd.	1,541	3,212	170	3,042	1,343	143	157	-
CHIANAN TECHNOLOGY CO. LTD.	6,000	17,465	6,889	10,576	25,908	-854	1,923	-
CHENG CHONG TECHNOLOGY CO.,LTD.	5,000	22,490	8,829	13,661	31,297	4,021	6,571	-

Note 1: Refer to foreign exchange rates to NTD:

For the balance sheet, USD=30.71 RMB=4.409434.

For the income statement, USD=29.806308, RMB=4.424448

(G) The most recent year's report is prepared according to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". The Company's 2022 report (starting from January 1st, 2022 to December 31st, 2022) "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" should include consolidated business reports and consolidated financial statements of affiliated enterprises, and according to Article 27 of International Accounting Standards, the parent and subsidiary companies' consolidated financial statements should be identical, the consolidated business reports and consolidated financial statements of affiliated enterprises are already stated within the consolidated financial statements for the parent and subsidiary companies, therefore there will be no separate preparation for consolidated business reports and financial statements of affiliated enterprises.

- B. Private Placement Securities in the Most Recent Year and as of the Publishing Date of the Annual Report: none.
- C. Company's Shares Held or Transferred by Subsidiaries in the Most Recent Year and as of the Publishing Date of the Annual Report: none.
- D. Other Supplementary Information: none.
- E. Pursuant to the Article 36-2-2 of Security Exchange Act, Event Having Material Impact on Shareholders' Equity or Share Price in the Most Recent Year and as of the Publishing Date of the Annual Report: none.

IX. Other Information Disclosures

A. Precautionary Measures for a Safe Working Environment and Personnel Security

(A) Occupational safety measures for Taoyuan Operations Center in 2022

1. In order to protect workers from harmful substances and keep the exposure concentration in line with legal standards, Taoyuan Operations Center implements operating environment monitoring twice a year, and the environment is improved based on the monitoring results. Ensure that indoor lighting and air quality meet regulatory standards.
2. Conduct firefighting seminars and drills every six months to help colleagues familiarize with the use of firefighting equipment and the escape routes. Hold health management lectures from time to time to provide colleagues with workplace health care knowledge.
3. Every two years, a medical institution approved by the Occupational Safety and Health Administration will conduct health checkup for all employees. In addition to legal items, additional abdominal ultrasound and liver function related tests will be added.
4. Low-fat, low-salt healthy lunch boxes are provided for lunch every day on work days, enabling colleagues to gradually change their eating habits.

(B) Occupational safety measures for Kunshan plant in 2022

1. 10 accidents in 2021 and 13 accidents in 2022, an increase of 30%.
2. Analysis of the main causes of work-related injuries was the lack of manpower during the epidemic, injuries occurred because the staff was not familiar with the manufacturing process when supporting each other, and there were 2 traffic accidents outside the factory; all work-related injuries occurred in the first three quarters.
3. Through the measures such as strengthening the factory-level, teams and groups-level safety production education training and assessment for new recruits and reshuffled employees, no work safety accidents occurred in the fourth quarter.

(C) Occupational safety measures for Huangshi plant in 2022

1. 7 work-related injuries in 2021 and 12 injuries in 2022, an increase of 71%.
2. Analysis of the main causes of work-related injuries was during the Plant II expansion, new recruits had insufficient safety awareness, and maintenance personnel went straight to maintenance without shutting down the machine for convenience. There were 3 traffic accidents outside the factory.
3. The improvement measures are as follows: the industrial safety personnel use the morning meeting time to go to each section in turn to conduct safety publicity and safety case broadcasts and formulate safety training plans. At the same time, by optimizing the safety design of equipment,

adding micro switches, light curtains and equipment linkage, shutdown upon abnormality, to avoid the occurrence of work-related accidents.

(D) Both Kunshan Factory and Huangshi Factory successfully passed the ISO14001 & ISO45001 supervision and audit to ensure the effective operation of the environmental and industrial safety management systems of the two factories.

B. Material Insider Information Non-Disclosure Procedure

The Company has established the “Material Insider Information Non-Disclosure Procedure”, the authority 【Chairman Office】should notify supervisors and employees to be aware of whether there is important information to be disclosed according to law regulations. Furthermore, in order to reduce risks of inside trading, 【Chairman Office】 should annually promote awareness to the supervisors and employees, and request all personnel above the level of management, related personnel of financial and audit departments signing the “Material Information Confidentiality Agreement”.

X. Auditor's Report and 2022 Financial Statements

Dynamic Holding Co., Ltd.

Statement on Internal Control System

Date: Feb. 24, 2023

According to self-inspected results, the Company's internal control system of 2022 is stated in the following:

1. The Company understands the board of directors and Presidents' responsibility to establish, implement and maintain the Company's internal control system. The Company has established such regulations, intending to achieve objectives regarding effectiveness and efficiency (including profit, performance and ensuring asset security etc.) of operations, reliability, timeliness, transparency, and regulatory compliance of reporting, as well as compliance with applicable laws, regulations, and bylaws, providing reasonable guarantee.
2. The internal control system has its intrinsic limits, no matter how complete the design, effective internal control can only provide reasonable guarantee for meeting the three aforementioned objectives; along with environmental and conditional changes, effectiveness of internal control regulations may change also. However, self-inspection mechanisms have been established into the Company's internal control system, the Company will take actions to fix a deficiency once it has been identified.
3. According to the "Regulations Governing Establishment of Internal Control Systems by Public Companies", (hereafter referred to as the Guideline) regulating the criteria for internal control systems effectiveness, the Company has assessed the effectiveness of the design and implementation of its internal control system. Intended for management and control processes, the Guideline's criteria for assessing internal control systems is comprised of five constituent elements: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, and 5. Monitoring activities. Every element is comprised of further constituents. Please see "the Guideline" for the aforementioned elements.
4. The Company has assessed the effectiveness of the design and effectiveness of its internal control system according to the aforementioned internal control system criteria.
5. The assessment results show that as of December 31st, 2022, the Company's internal control system (including inspection and management of its subsidiaries), is effective in its design and implementation, meeting objectives including its effectiveness and efficiency (including profit, performance and ensuring asset security etc.) of operations, reliability, timeliness, transparency, and regulatory compliance of reporting, as well as compliance with applicable laws, regulations, and bylaws, providing reasonable guarantee in achieving the aforementioned objectives.
6. This Statement will become a main content item in the Company's Annual Report and its public announcements, and will be made public. Contents described above containing fraudulent materials, undisclosed items, or other illegalities, will incur legal responsibility under Articles 20, 32, 171, and 174 of the Securities Transaction Law.
7. This Statement was approved by the directors attending the Company's Board of Directors meeting on Feb. 24, 2023, among the 5 attendees, there were 0 dissenting opinions.

Dynamic Holding Co., Ltd.

Chairman: Ken Huang Signature

President: Jean Liu Signature

Review Report by the Supervisors

The Board of Directors submitted the Company's 2022 financial statements (unconsolidated financial statement and consolidated financial statement), which were audited by Ernst & Young and an audit report was issued; together with the business report and the earning distribution report, were all forwarded to the supervisors for auditing and no discrepancies were found. The report is prepared in accordance with Article 219 of the Company Act.

For your review and approval.

Sincerely,
2023 Shareholders' Meeting of Dynamic Holding Co., Ltd.

Supervisor:

March 15th, 2023

MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Dynamic Holding Co., Ltd. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Accounting Standard No. 27, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Dynamic Electronics Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

DYNAMIC HOLDING CO., LTD.

By



KEN HUANG

Chairman

Mar. 15, 2023

English Translation of a Report Originally Issued in Chinese

AUDIT REPORT OF INDEPENDENT AUDITORS

To: The Board of Directors
Dynamic Holding Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Dynamic Holding Co., Ltd. (the “Company”) and its subsidiaries as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and their consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditor(s), we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As stated in Note 1 to the consolidated financial report, Dynamic Holding Co., Ltd. acquired 100% equity of Dynamic Electronics Co., Ltd. by means of share swap on August 25, 2022. The above-mentioned share swap was an organizational restructuring under common control. Dynamic Holding Co., Ltd. was actually the continuation of Dynamic Electronics Co., Ltd., so the consolidated financial statements of Dynamic Holding Co., Ltd. recognized the relevant assets and liabilities based on the book value of the consolidated financial statements of Dynamic Electronics Co., Ltd. The consolidated financial statements for the comparative period were prepared as if the entities had been combined from the beginning.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's consolidated revenue amounting to NT\$15,297,012 thousand for the year ended December 31, 2022 is a significant account to the Company's consolidated financial statements. The Group has conducted these sale activities in multi-marketplace, including Taiwan, China, Asia and Europe, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on monthly sale revenues, and executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Note 4 and 6 to the consolidated financial statements.

Provision against inventory

We determine that provision against inventory is also one of the key audit matters. The Company and its subsidiaries' inventory in amount of NT\$2,706,870 thousand, representing 14% of consolidated total assets, as of December 31, 2022 is significant to the Company's consolidated financial statements. The application market of the Group's main products, PCB, has been developing and changing rapidly and influenced significantly by end-customers' preference. The management therefore has to closely monitor the status of new products development and market demand for evaluating any significant impairment, including loss from market decline and slow-movement, incurred toward inventory. Also there was significant management judgement involved in determining the sufficiency of inventory loss provision. With respect to the key audit matter – provision against inventory, our audit procedures include, but not limit to, evaluating the appropriateness of inventory provision policy including how to identify the phased-out or slow-moving items, testing the correctness of inventory aging report, analyzing the reasons for slow-moving inventory, performing observation on the Company and its subsidiaries' inventory physical taking, and looking into the status of inventory utilization. Meanwhile, we have evaluated the appropriateness of the related disclosure in Note 5 and 6 to the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion including an Emphasis of Matter Paragraph on the parent-company-only financial statements of the Company for the year ended December 31, 2022.

Chang, Chih Ming

Chen, Kuo Shuai

Ernst & Young
March 15th, 2023
Taipei, Taiwan,
Republic of China

Notices to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China on Taiwan.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of December 31, 2022		As of December 31, 2021	
Code	Accounts	Notes	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$1,677,887	8	\$2,729,560	15
1110	Financial assets at fair value through profit or loss	4, 6(2)	-	-	3,130	-
1136	Financial assets carried at amortized cost	4, 6(3), 8	162,441	1	1,218	-
1150	Notes receivable, net	4, 6(4)	40,165	-	43,247	-
1170	Accounts receivable, net	4, 6(5)	4,365,314	22	4,624,955	26
1200	Other receivables		84,356	-	103,615	1
1310	Inventories, net	4, 6(6)	2,706,870	14	2,953,056	17
1410	Prepayments		439,137	2	365,853	2
1470	Other current assets		2,103	-	1,812	-
	Total current assets		<u>9,478,273</u>	<u>47</u>	<u>10,826,446</u>	<u>61</u>
15xx	Non-current assets					
1510	Financial assets at fair value through profit or loss	4, 6(2)	-	-	800	-
1600	Property, plant and equipment	4, 6(7), 8, 9	9,947,463	50	6,241,643	36
1755	Right-of-use assets	4, 6(22), 8	407,627	2	408,273	2
1780	Intangible assets	4, 6(8)	67,801	-	44,583	-
1840	Deferred tax assets	4, 6(26)	110,334	1	115,358	1
1900	Other non-current assets	6(10)	2,207	-	1,492	-
	Total non-current assets		<u>10,535,432</u>	<u>53</u>	<u>6,812,149</u>	<u>39</u>
	Total Assets		<u>\$20,013,705</u>	<u>100</u>	<u>\$17,638,595</u>	<u>100</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

As of December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2022		As of December 31, 2021	
Code	Accounts	Notes	Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term loans	6(11)	\$3,918,562	20	\$4,587,071	26
2120	Financial liabilities at fair value through profit or loss	6(12)	77	-	-	-
2130	Contract liability	6(20)	1,359	-	4,066	-
2150	Notes payable		1,211	-	-	-
2170	Accounts payable		3,022,435	15	3,560,924	20
2200	Other payables	6(13)	2,658,529	13	1,315,996	8
2230	Current tax liabilities	4, 6(26)	63,420	-	62,732	-
2280	Lease liabilities	6(22)	4,910	-	2,019	-
2300	Other current liabilities		61,545	-	44,925	-
2321	Current portion of bonds payable	4, 6(14)	2,363	-	-	-
2322	Current portion of long-term loans	6(15), 8	182,394	1	651,224	4
2365	Refund liability	6(16)	260,909	1	233,162	1
	Total current liabilities		<u>10,177,714</u>	<u>50</u>	<u>10,462,119</u>	<u>59</u>
25xx	Non-current liabilities					
2530	Bonds payable	4, 6(14)	-	-	486,152	3
2540	Long-term loans	6(15), 8	2,607,712	13	390,735	2
2570	Deferred tax liabilities	4, 6(26)	395,643	2	266,559	2
2580	Lease liabilities	6(22)	1,654	-	2,045	-
2630	Long-term deferred revenue	6(17)	599,457	3	389,065	2
2645	Guarantee deposits		78,123	1	121,124	1
	Total non-current liabilities		<u>3,682,589</u>	<u>19</u>	<u>1,655,680</u>	<u>10</u>
	Total liabilities		<u>13,860,303</u>	<u>69</u>	<u>12,117,799</u>	<u>69</u>
31xx	Equity attributable to the parent company					
3100	Capital	6(19)				
3110	Common stock		2,775,490	14	2,775,141	16
3140	Capital collected in advance		-	-	43	-
3200	Capital surplus	6(19)	2,970,307	15	1,314,873	7
3300	Retained earnings	6(19)				
3310	Legal reserve		-	-	599,291	3
3320	Special reserve		438,825	2	299,666	2
3350	Accumulated profit or loss		162,092	1	970,607	6
3400	Other components of equity		(324,242)	(2)	(438,825)	(3)
36xx	Non-controlling interests	6(19)	130,930	1	-	-
	Total equity		<u>6,153,402</u>	<u>31</u>	<u>5,520,796</u>	<u>31</u>
	Total liabilities and equity		<u>\$20,013,705</u>	<u>100</u>	<u>\$17,638,595</u>	<u>100</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2022 and 2021
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(20)	\$15,297,012	100	\$15,753,057	100
5000	Operating costs	6(6)	(12,636,809)	(83)	(13,170,203)	(84)
5900	Gross profit		2,660,203	17	2,582,854	16
6000	Operating expenses					
6100	Sales and marketing expenses		(484,528)	(3)	(578,803)	(3)
6200	General and administrative expenses		(659,689)	(4)	(617,878)	(4)
6300	Research and development expenses		(660,154)	(4)	(741,385)	(5)
6450	Expected credit gains (losses)	4, 6(21)	(22,349)	-	4,512	-
	Operating expenses total		(1,826,720)	(11)	(1,933,554)	(12)
6900	Operating income		833,483	6	649,300	4
7000	Non-operating income and expenses	6(24)				
7100	Interest income		16,930	-	8,429	-
7010	Other income		169,925	1	244,414	2
7020	Other gains and losses		(7,707)	-	(120,559)	(1)
7050	Finance costs		(235,783)	(2)	(134,448)	(1)
	Non-operating income and expenses total		(56,635)	(1)	(2,164)	-
7900	Income from continuing operations before income tax		776,848	5	647,136	4
7950	Income tax expense	4, 6(26)	(224,214)	(1)	(176,682)	(1)
8200	Net income		552,634	4	470,454	3
8300	Other comprehensive income (loss)	6(25)				
8360	May be reclassified to profit or loss in subsequent periods					
8361	Exchange differences arising on translation of foreign operations		117,940	-	(33,951)	-
	Total other comprehensive income (loss), net of tax		117,940	-	(33,951)	-
8500	Total comprehensive income (loss)		\$670,574	4	\$436,503	3
8600	Net income attributable to:					
8610	Shareholders of the parent		\$547,238	4	\$470,454	3
8620	Non-controlling interests		5,396	-	-	-
			\$552,634	4	\$470,454	3
8700	Total comprehensive income attributable to:					
8710	Shareholders of the parent		\$661,821	4	\$436,503	3
8720	Non-controlling interests		8,753	-	-	-
			\$670,574	4	\$436,503	3
9750	Earnings per share - basic (in NT\$)	6(27)	\$1.97		\$1.70	
9850	Earnings per share - diluted (in NT\$)	6(27)	\$1.96		\$1.61	

(The accompanying notes are an integral part of the consolidated financial statements.)

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2022 and 2021
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital									
		Capital	Capital collected in advance	Capital surplus	Retained Earnings			Other Components of equity	Total	Non-controlling Interests	Total equity
					Legal reserve	Special reserve	Accumulated profit or loss	Exchange differences arising on translation of foreign operations			
		3100	3140	3200	3310	3320	3350	3410	31XX	36XX	3XXX
A1	Balance as of January 1, 2021	\$2,775,141	\$-	\$1,250,883	\$531,385	\$299,666	\$679,065	\$(404,874)	\$5,131,266	\$-	\$5,131,266
	Appropriation and distribution of 2020 earnings										
B1	Legal reserve				67,906		(67,906)		-		-
B5	Cash dividends-common shares						(111,006)		(111,006)		(111,006)
C5	Equity component of convertible bonds			63,936					63,936		63,936
D1	Net income for 2021						470,454		470,454		470,454
D3	Other comprehensive income (loss) for 2021							(33,951)	(33,951)		(33,951)
D5	Total comprehensive income (loss)	-	-	-	-	-	470,454	(33,951)	436,503	-	436,503
I1	Conversion of convertible bonds		43	54					97		97
Z1	Balance as of December 31, 2021	<u>\$2,775,141</u>	<u>\$43</u>	<u>\$1,314,873</u>	<u>\$599,291</u>	<u>\$299,666</u>	<u>\$970,607</u>	<u>\$(438,825)</u>	<u>\$5,520,796</u>	<u>\$-</u>	<u>\$5,520,796</u>
A1	Balance as of January 1, 2022	\$2,775,141	\$43	\$1,314,873	\$599,291	\$299,666	\$970,607	\$(438,825)	\$5,520,796	\$-	\$5,520,796
	Appropriation and distribution of 2021 earnings										
B1	Legal reserve				47,045		(47,045)		-		-
B3	Special reserve					139,159	(139,159)		-		-
B5	Cash dividends-common shares						(194,263)		(194,263)		(194,263)
C5	Equity component of convertible bonds			(2,847)					(2,847)		(2,847)
D1	Net income for 2022						547,238		547,238	5,396	552,634
D3	Other comprehensive income (loss) for 2022							114,583	114,583	3,357	117,940
D5	Total comprehensive income (loss)	-	-	-	-	-	547,238	114,583	661,821	8,753	670,574
H3	Effect of joint share exchange	-	-	1,621,622	(646,336)	-	(975,286)	-	-		-
I1	Conversion of convertible bonds	349	(43)	379					685		685
M7	Charges in ownership interest in subsidiaries			36,280					36,280	114,879	151,159
O1	Non-controlling interests increase									7,298	7,298
Z1	Balance as of December 31, 2022	<u>\$2,775,490</u>	<u>\$-</u>	<u>\$2,970,307</u>	<u>\$-</u>	<u>\$438,825</u>	<u>\$162,092</u>	<u>\$(324,242)</u>	<u>\$6,022,472</u>	<u>\$130,930</u>	<u>\$6,153,402</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021	Code	Items	2022	2021
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income (loss) before tax	\$776,848	\$647,136	B00040	Disposal (acquisition) of financial assets measured at amortized cost	(161,223)	200,035
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(3,057,249)	(1,405,736)
A20010	Income and expense adjustments:			B02800	Proceeds from disposal of property, plant and equipment	63,209	6,733
A20100	Depreciation (including right-of-use assets)	850,545	696,171	B03700	Decrease (increase) in refundable deposits	(715)	3,019
A20200	Amortization	26,838	19,066	B04500	Acquisition of intangible assets	(16,917)	(34,945)
A20300	Expected credit losses (gain)	22,349	(4,512)	B05000	Cash outflow from business combination	(67,622)	-
A20400	Net loss (gain) of financial assets at fair value through profit or loss	4,348	(3,682)	B05350	Acquisition of right-of-use asset	-	(147,003)
A20900	Interest expense	235,783	134,448	B09900	Increase (decrease) in long-term deferred revenue	243,566	43,452
A21200	Interest income	(16,930)	(8,429)	BBBB	Net cash provided by (used in) investing activities	(2,996,951)	(1,334,445)
A22500	Loss (gain) on disposal of property, plant and equipment	53,697	17,126				
A23700	Impairment loss (reversal) on non-financial assets	33,715	(12,330)				
A24200	Losses on redemption of bonds	55,572	-	CCCC	Cash flows from financing activities:		
A29900	Loss (gain) on government grants	(38,566)	(32,961)	C00100	Increase in (repayment of) short-term loans	(668,509)	2,004,471
A30000	Changes in operating assets and liabilities:			C01200	Issuance of corporate bonds	-	545,297
A31130	Notes receivable	26,612	218,816	C01300	Repayment of bonds	(548,850)	-
A31150	Accounts receivable	235,678	(903,448)	C01600	Increase in long-term loans	2,520,258	1,345,864
A31180	Other receivables	19,259	18,237	C01700	Repayment of long-term loans	(788,416)	(955,129)
A31200	Inventories	246,186	(1,354,959)	C03000	Increase (decrease) in guarantee deposits	(43,001)	95,961
A31230	Prepayment	(73,110)	10,792	C04020	Payments of lease liabilities	(3,382)	(2,057)
A31240	Other current assets	(291)	4,204	C04500	Cash dividends	(194,263)	(111,006)
A32125	Contract liability	(2,707)	(9,381)	C05800	Increase (decrease) in non-controlling interests	151,159	-
A32130	Notes payable	(1,108)	-	CCCC	Net cash provided by (used in) financing activities	424,996	2,923,401
A32150	Accounts payable	(540,690)	733,564				
A32180	Other payables	(171,373)	(17,290)				
A32230	Other current liabilities	16,326	6,318	DDDD	Effect of exchange rate changes on cash and cash equivalents	30,155	(9,611)
A32990	Refund liability	27,747	132,409				
A32000	Cash generated from operations	1,786,728	291,295				
A33100	Interest received	16,930	8,429				
A33300	Interest paid	(221,908)	(125,481)	EEEE	Net Increase (decrease) in cash and cash equivalents	(1,051,673)	1,730,993
A33500	Income tax paid	(91,623)	(22,595)	E00100	Cash and cash equivalents at beginning of period	2,729,560	998,567
AAAA	Net cash provided by (used in) operating activities	1,490,127	151,648	E00200	Cash and cash equivalents at end of period	\$1,677,887	\$2,729,560

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese
DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2022 and 2021 and for the years then ended
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Dynamic Holding Co., Ltd. (hereinafter referred to as “the Company”) was approved and established on August 25, 2022 and listed for trading on the Taiwan Stock Exchange.

Dynamic Electronics Co., Ltd. (hereinafter referred to as “Dynamic Electronics”) applied for the establishment of Dynamic Holding Co., Ltd. by the board of directors on March 31, 2022 and the shareholders' meeting on May 20, 2022 to acquire 100% equity of Dynamic Electronics. The share swap is to exchange 1 common share of Dynamic Electronics for 1 common share of the Company and has been completed on August 25, 2022. On the same day, Dynamic Electronics became a 100% subsidiary of the Company and terminated the stock listing and public offering. The Company's common stock was listed and traded under the stock code "3715" from the same day. The aforementioned share swap was an organizational restructuring under common control. The Company was actually the continuation of Dynamic Electronics Co., Ltd., and the parent company only financial statements for the comparative period were prepared as if the entities had been combined from the beginning.

The main activities of the Company and its subsidiaries (the “Group”) are mainly the manufacturing and processing of various electronic components, the design of microcomputers and peripheral equipment, the manufacturing and processing of integrated circuits and substrates, the manufacturing and processing of various circuit boards, the quotation, bidding, and distribution of products from domestic and foreign manufacturers as an agent, and the import and export trading business of the aforementioned products. The Company’s registered office and the main business location is at 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries (“the Group”) were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on March 15th, 2023.

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DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2022. The new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(A) Disclosure Initiative – Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(B) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(C) Deferred Tax related to Assets and Liabilities arising from a Single Transaction –
Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual period beginning on or after January 1, 2023. The Group assesses all standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

(A) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(B) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(C) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(D) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(E) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group assesses all standards and interpretations have no material impact on the Group.

4.Summary of significant accounting policies

(1)Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2)Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars (“NT\$”) unless otherwise specified.

(3)Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- (a)Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b)Exposure, or rights, to variable returns from its involvement with the investee, and
- (c)The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a)The contractual arrangement with the other vote holders of the investee
- (b)Rights arising from other contractual arrangements
- (c)The Company’s voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

- (a) Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) Derecognizes the carrying amount of any non-controlling interest;
- (c) Recognizes the fair value of the consideration received;
- (d) Recognizes the fair value of any investment retained;
- (e) Recognizes any surplus or deficit in profit or loss; and
- (f) Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

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DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			2022.12.31	2021.12.31
The Company	Dynamic Electronics Co., Ltd.	PCB and business which relates to import and export	100.00% (NOTE1)	-% (NOTE1)
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Investing activities	100.00%	100.00%
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	PCB and business which relates to import and export	-% (NOTE2)	100.00% (NOTE2)
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	PCB and business which relates to import and export	-% (NOTE3)	100.00% (NOTE3)
Dynamic Electronics Co., Ltd.	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment)	Management operations services	-% (NOTE2 、 9)	100.00% (NOTE2 、 9)

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DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			2022.12.31	2021.12.31
Dynamic Electronics Co., Ltd.	CHIANAN TECHNOLOGY CO., LTD.	Mockup manufacture	70.00% (NOTE4)	-% (NOTE4)
Dynamic Electronics Co., Ltd.	CHENG CHONG TECHNOLOGY CO., LTD	Mockup manufacture	70.00% (NOTE5)	-% (NOTE5)
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	Investing activities	100.00%	100.00%
Dynamic Electronics Holding Pte. Ltd	Dynamic Electronics Co., Ltd. (Huangshi)	Manufacturing and selling of PCB	97.8541% (NOTE6 、 7 、 8)	100.00% (NOTE6 、 7 、 8)
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	100.00% (NOTE7 、 8)	100.00% (NOTE7 、 8)
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic PCB Electronics Co., Ltd.	PCB and business which relates to import and export	100.00% (NOTE2 、 7 、 8)	-% (NOTE2 、 7 、 8)
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Co., Ltd. (Seychelles)	PCB and business which relates to import and export	100.00% (NOTE3 、 7 、 8)	-% (NOTE3 、 7 、 8)

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese
DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			2022.12.31	2021.12.31
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment)	Management operations services	100.00% (NOTE2、7、8、9)	-% (NOTE2、7、8、9)

Note 1: The Company acquired 100% equity of Dynamic Electronics Co., Ltd. by way of share swap on August 25, 2022. Since it is reorganization under joint control, the consolidated financial statements for the comparative period were prepared as if the entities had been combined from the beginning.

Note 2: Considering the long-term development needs of the Group on August 4, 2022, the Board of Directors resolved to change the investment structure of Dynamic PCB Electronics Co., Ltd. and Dynamic Electronics Trading Pte. Ltd. That is to change Dynamic Electronics Co., Ltd.'s reinvestment in Dynamic PCB Electronics Co., Ltd. and Dynamic Electronics Trading Pte. Ltd. to Dynamic Electronics Co., Ltd. (Huangshi) 's reinvestment in Dynamic PCB Electronics Co., Ltd. and Dynamic Electronics Trading Pte. Ltd. The aforementioned transaction is an equity adjustment under organizational restructuring.

Note 3: Considering the long-term development needs of the Group, on July 20, 2022 the Board of Directors resolved to change the investment structure of Dynamic Electronics Co., Ltd. (Seychelles), the reinvested business in the third region. Dynamic Electronics Co., Ltd.'s reinvestment in Dynamic Electronics Co., Ltd. (Seychelles) is changed to Dynamic Electronics Co., Ltd. (Huangshi)'s reinvestment in Dynamic Electronics Co., Ltd. (Seychelles). The above transaction is an equity adjustment under organizational restructuring.

Note 4: Considering the needs of long-term development on February 23, 2022, the Board of Directors resolved to acquire 70% shares of CHIANAN TECHNOLOGY CO., LTD. and acquired the shares of CHIANAN TECHNOLOGY CO., LTD. on March 17, 2022 for NTD 46,060 thousand. The share acquisition ratio was 70%. The share settlement was completed on March 17, 2022. The Group has obtained the control of the company and included it when preparing the Group's consolidated financial statements.

- Note 5: Considering the needs of long-term development, the Group acquired 70% shares in CHENG CHONG TECHNOLOGY CO., LTD. with the resolution of the board of directors on February 23, 2022, and acquired the shares of CHENG CHONG TECHNOLOGY CO., LTD. on March 17, 2022 for NTD 33,211 thousand. The share acquisition ratio is 70%. The share settlement was completed on March 17, 2022. The Group has obtained the control to include it in the Group's consolidated financial statements preparation.
- Note 6: To consider long-term development needs, the Company's board meeting held on September 2, 2022 approved to conduct a cash issuance amounted RMB35,000 thousand and was completed on September 28, 2022. The Group surrendered its preempted right, while the Group's ownership interest on Dynamic Electronics (Huangshi) Co., Ltd. reduced from 100.00% to 97.8541%.
- Note 7: Dynamic Electronics (Huangshi) Co., Ltd. has successfully applied for a shareholding restructure and became a company limited by shares during November 2022. The registration procedures were completed on December 7, 2022.
- Note 8: Dynamic Electronics (Huangshi) Co., Ltd. passed a resolution at the extraordinary shareholder's meeting held on February 16, 2023 to apply for name change from Dynamic Electronics (Huangshi) Co., Ltd. to Dynamic Electronics Co., Ltd. (Huangshi). The registration procedures were completed on February 22, 2023.
- Note 9: Dynamic Electronics (Huangshi) Co., Ltd. passed a resolution the extraordinary shareholder's meeting held on February 16, 2023 to apply for name change of its subsidiary from Dynamic Electronics Trading Pte. Ltd. to Dynamic Electronics Overseas Investment Holding Pte. Ltd. ("Dynamic Overseas Investment"). The registration procedures were completed on March 13, 2023.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollar, which is the parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan dollar at the closing rate of exchange prevailing at the balance sheet date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of the foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the NCIs in that foreign operation, instead of recognized in profit or loss. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(6) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Group holds the asset primarily for the purpose of trading
- (c) The Group expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle
- (b) The Group holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period

(d)The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7)Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including fixed-term deposits that have maturities equal to or less than three months from the date of acquisition).

(8)Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(A) Financial assets: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- a. The Group's business model for managing the financial assets and
- b. The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- a. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(B) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- a. An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b. The time value of money; and
- c. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- d. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(C) Derecognition of financial assets

Financial asset is derecognized when:

- a. The rights to receive cash flows from the asset have expired
- b. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- c. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(D) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- a. It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- b. On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- c. It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- a. It eliminates or significantly reduces a measurement or recognition inconsistency; or
- b. A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(E) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and conditions are accounted for as follows:

Raw materials - By actual purchase cost with weighted average method

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, plant and equipment". When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	16~30 years
Machinery and equipment	1~10 years
Transportation equipment	3~6 years
Office equipment	1~6 years
Other equipment	1~5 years
Lease improvement	1 year

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- (a) The right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the implicit interest rate in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and

- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software	Technology Expertise
Useful lives	1~5 years	3~5 years
Amortization method used	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

A CGU, or groups of CGUs, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16)Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

(17)Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follow:

Sale of goods

The Group mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is PCB and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The credit period of the Group's sale of goods is from 60 to 150 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(18)Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19)Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(20)Post-employment benefits

All regular employees of Dynamic and its domestic subsidiaries are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with Dynamic and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, Dynamic and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

(21)Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(22) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) The fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flow model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Accounts receivable-estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(c) Inventory

Inventories are valued at the lower of cost and net realizable value item by item. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The change of market may also significantly influence the evaluation of inventory. For inventory details, please refer to Note 6 to the consolidated financial statements.

(d) Revenue recognition-sale returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

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6. Contents of significant accounts

(1) Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand	\$1,061	\$347
Checking and savings	1,676,427	2,528,853
Fixed-term deposits	399	200,360
Total	<u>\$1,677,887</u>	<u>\$2,729,560</u>

(2) Financial assets at fair value through profit or loss

	2022.12.31	2021.12.31
Measured at fair value through profit or loss:		
Convertible corporate bonds	\$-	\$800
Held for trading – current:		
Forward exchange contract	-	3,130
Total	<u>\$-</u>	<u>\$3,930</u>
Current	\$-	\$3,130
Non-current	-	800
Total	<u>\$-</u>	<u>\$3,930</u>

No financial assets measured at fair value through profit or loss were pledged.

(3) Financial assets measured at amortized cost

	2022.12.31	2021.12.31
Restricted deposits	\$161,090	\$1,218
Fixed-term deposits	1,351	-
Total	<u>\$162,441</u>	<u>\$1,218</u>
Current	<u>\$162,441</u>	<u>\$1,218</u>
Non-current	<u>\$-</u>	<u>\$-</u>

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The Group transacts with financial institutions with good credit rating. Consequently, there is no significant credit risk.

No financial assets measured at amortized cost were pledged.

(4) Notes receivable, net

	2022.12.31	2021.12.31
Notes receivable arising from operating activities	\$40,165	\$43,247
Less: loss allowance	-	-
Total	<u>\$40,165</u>	<u>\$43,247</u>

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(21) for more details on loss allowance and Note 12 for details on credit risk.

(5) Accounts receivable

(a) Accounts receivable, net consist of the follow :

	2022.12.31	2021.12.31
Accounts receivable from operating activities	\$4,405,196	\$4,640,874
Less: loss allowance	(39,882)	(15,919)
Total	<u>\$4,365,314</u>	<u>\$4,624,955</u>

(b) Accounts receivable were not pledged.

(c) Accounts receivable are generally on 60 to 150 day terms. The total carrying amount for the years ended December 31, 2022 and 2021, are NT\$4,405,196 thousand and NT\$4,640,874 thousand, respectively. Please refer to Note 6(21) for more details on loss allowance of accounts receivable for year ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

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(6)Inventories

(a)Details of inventories are as below :

	2022.12.31	2021.12.31
Raw materials and Supplies	\$163,472	\$304,866
Work in progress	647,636	624,749
Finished goods	1,895,762	2,023,441
Total	<u>\$2,706,870</u>	<u>\$2,953,056</u>

(b)The cost of inventories recognized in expenses amounts to NT\$12,636,809 thousand for the year ended December 31, 2022 while NT\$13,170,203 thousand for the year ended December 31, 2021. The following losses were included in cost of sales :

	For the year ended December 31,	
Item	2022	2021
Inventory valuation losses (gains)	<u>\$(103,299)</u>	<u>\$143,713</u>

The Group recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed for the year ended December 31, 2022.

(c)Inventories were not pledged.

(7)Property, plant and equipment

	2022.12.31	2021.12.31
Owner occupied property, plant and equipment	<u>\$9,947,463</u>	<u>\$6,241,643</u>

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	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease improvement	Construction in progress and equipment to be examined	Total
Cost:								
2022.01.01	\$2,742,170	\$6,902,330	\$30,031	\$344,299	\$1,351,744	\$8,820	\$1,233,152	\$12,612,546
Additions	(64,145)	26,973	-	29,639	61,248	-	4,503,282	4,556,997
Acquisitions through business combinations	-	19,727	1,128	-	2,542	-	-	23,397
Disposals	-	(812,908)	(387)	(5,539)	(28,152)	-	-	(846,986)
Transfer	2,115,977	2,176,660	2,776	270,306	979,261	-	(5,544,980)	-
Other changes	-	(5,930)	-	-	-	-	-	(5,930)
Exchange differences	42,909	114,949	459	5,307	21,214	-	19,297	204,135
2022.12.31	<u>\$4,836,911</u>	<u>\$8,421,801</u>	<u>\$34,007</u>	<u>\$644,012</u>	<u>\$2,387,857</u>	<u>\$8,820</u>	<u>\$210,751</u>	<u>\$16,544,159</u>
Depreciation and impairment:								
2022.01.01	\$733,505	\$4,390,260	\$22,366	\$201,137	\$1,014,815	\$8,820	\$-	\$6,370,903
Depreciation	164,879	410,849	3,130	68,337	190,591	-	-	837,786
Acquisitions through business combinations	-	16,462	870	-	2,261	-	-	19,593
Impairment loss	-	3,697	-	-	-	-	-	3,697
Disposals	-	(700,294)	(376)	(5,117)	(26,640)	-	-	(732,427)
Other changes	-	(3,583)	-	-	-	-	-	(3,583)
Exchange differences	10,918	71,335	329	2,842	15,303	-	-	100,727
2022.12.31	<u>\$909,302</u>	<u>\$4,188,726</u>	<u>\$26,319</u>	<u>\$267,199</u>	<u>\$1,196,330</u>	<u>\$8,820</u>	<u>\$-</u>	<u>\$6,596,696</u>
Cost:								
2021.01.01	\$2,498,443	\$6,367,480	\$23,917	\$278,578	\$1,386,919	\$8,820	\$559,797	\$11,123,954
Additions	-	19,979	-	6,980	59,320	-	1,639,787	1,726,066
Disposals	-	(39,568)	(471)	(1,787)	(135,135)	-	-	(176,961)
Transfer	257,075	588,892	6,708	61,979	47,905	-	(962,559)	-
Exchange differences	(13,348)	(34,453)	(123)	(1,451)	(7,265)	-	(3,873)	(60,513)
2021.12.31	<u>\$2,742,170</u>	<u>\$6,902,330</u>	<u>\$30,031</u>	<u>\$344,299</u>	<u>\$1,351,744</u>	<u>\$8,820</u>	<u>\$1,233,152</u>	<u>\$12,612,546</u>

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	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease improvement	Construction in progress and equipment to be examined	Total
Depreciation and impairment:								
2021.01.01	\$621,484	\$4,105,152	\$19,211	\$152,609	\$976,386	\$8,820	\$-	\$5,883,662
Depreciation	115,440	337,754	3,714	51,089	176,892	-	-	684,889
Impairment loss	-	(12,330)	-	-	-	-	-	(12,330)
Disposals	-	(17,676)	(456)	(1,739)	(133,231)	-	-	(153,102)
Exchange differences	(3,419)	(22,640)	(103)	(822)	(5,232)	-	-	(32,216)
2021.12.31	<u>\$733,505</u>	<u>\$4,390,260</u>	<u>\$22,366</u>	<u>\$201,137</u>	<u>\$1,014,815</u>	<u>\$8,820</u>	<u>\$-</u>	<u>\$6,370,903</u>
Net carrying amount as at:								
2022.12.31	<u>\$3,927,609</u>	<u>\$4,233,075</u>	<u>\$7,688</u>	<u>\$376,813</u>	<u>\$1,191,527</u>	<u>\$-</u>	<u>\$210,751</u>	<u>\$9,947,463</u>
2021.12.31	<u>\$2,008,665</u>	<u>\$2,512,070</u>	<u>\$7,665</u>	<u>\$143,162</u>	<u>\$336,929</u>	<u>\$-</u>	<u>\$1,233,152</u>	<u>\$6,241,643</u>

(a) For the year ended December 31, 2022, NT\$3,697 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. This has been recognized in the statement of comprehensive income.

For the year ended December 31, 2021, NT\$12,330 thousand gain on reversal of impairment loss represented the sold of certain property, plant and equipment in the Group. This has been recognized in the statement of comprehensive income.

(b) Capitalized borrowing costs of property, plant and equipment are as follows:

	For the year ended December 31,	
Items	2022	2021
Building and construction in progress and Equipment awaiting examination	\$70,225	\$-
Capitalization rate of borrowing costs	3.95%~4.45%	-%

(c) Significant components of building include main building structure and additional expansion construction, which are depreciated over useful lives of 16~30 years and 20 years, respectively.

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(d) Please refer to Note 8 for more details on property, plant and equipment under pledge.

(8) Intangible assets

	Computer software	Technology expertise	Goodwill	Total
Cost:				
2022.01.01	\$59,799	\$10,607	\$-	\$70,406
Additions – acquired separately	16,917	-	-	16,917
Acquisition through business combinations	1,151	-	62,244	63,395
Derecognized upon retirement	(8,875)	(35)	-	(8,910)
Exchange differences	835	165	-	1,000
2022.12.31	<u>\$69,827</u>	<u>\$10,737</u>	<u>\$62,244</u>	<u>\$142,808</u>
2021.01.01	\$38,303	\$10,664	\$-	\$48,967
Additions – acquired separately	34,945	-	-	34,945
Derecognized upon retirement	(13,279)	-	-	(13,279)
Exchange differences	(170)	(57)	-	(227)
2021.12.31	<u>\$59,799</u>	<u>\$10,607</u>	<u>\$-</u>	<u>\$70,406</u>
Amortization and impairment:				
2022.01.01	\$22,618	\$3,205	\$-	\$25,823
Acquisition through business combinations	946	-	-	946
Amortization	24,681	2,157	-	26,838
Impairment loss	-	-	30,018	30,018
Derecognized upon retirement	(8,875)	(35)	-	(8,910)
Exchange differences	250	42	-	292
2022.12.31	<u>\$39,620</u>	<u>\$5,369</u>	<u>\$30,018</u>	<u>\$75,007</u>
2021.01.01	\$19,070	\$1,085	\$-	\$20,155
Amortization	16,938	2,128	-	19,066
Derecognized upon retirement	(13,279)	-	-	(13,279)
Exchange differences	(111)	(8)	-	(119)
2021.12.31	<u>\$22,618</u>	<u>\$3,205</u>	<u>\$-</u>	<u>\$25,823</u>

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	Computer software	Technology expertise	Goodwill	Total
Net carrying amount as at:				
2022.12.31	\$30,207	\$5,368	\$32,226	\$67,801
2021.12.31	\$37,181	\$7,402	\$-	\$44,583

Amortization of intangible assets is as follows:

	For the year ended December 31,	
	2022	2021
Operating costs	\$2,587	\$10,998
Operating expenses	24,251	8,068
Total	\$26,838	\$19,066

(9) Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to two cash-generating units, for impairment testing as follows:

	2022.12.31	2021.12.31
Subsidiaries-CHENG CHONG TECHNOLOGY CO., LTD	\$24,385	\$-
Subsidiaries-CHIANAN TECHNOLOGY CO., LTD.	7,841	-
Total	\$32,226	\$-

(A) The recoverable amount of CHENG CHONG TECHNOLOGY CO., LTD cash-generating unit is NT\$40,337 thousand for the period ended 31 December 2022. This recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for product. The pre-tax discount rate applied to cash flow projections is 11.73% and cash flows beyond the five-year period are extrapolated using a 7% growth rate. As a result of the updated analysis, management did not identify an impairment for goodwill of NT\$24,385 thousand which is allocated to this cash-generating unit.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for both electronics and fire prevention equipment units are most sensitive to the following assumptions:

- (a)Gross margin
- (b)Discount rates
- (c)Growth rate used to extrapolate revenue beyond the budget period.

Gross margins –Gross margins are estimated based on the value achieved in prior year and referencing the future market trends.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle.

Growth rate estimates of revenue – Rates is estimated based on past experience, the long-term average growth rate has been adjusted based on the economic environment.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of CHENG CHONG TECHNOLOGY CO., LTD, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

- (B) The recoverable amount of CHIANAN TECHNOLOGY CO., LTD. cash-generating unit is NT\$11,434 thousand for the period ended 31 December 2022. This recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products. The pre-tax discount rate applied to cash flow projections is 11.73% and cash flows beyond the five-year period are extrapolated using a 7% growth rate. As a result of this analysis, management has recognized an impairment loss of NT\$30,018 thousand against goodwill previously carried at NT\$30,018 thousand.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for both electronics and fire prevention equipment units are most sensitive to the following assumptions:

- (a)Gross margin
- (b)Discount rates
- (c)Growth rate used to extrapolate revenue beyond the budget period.

Gross margins –Gross margins are estimated based on the value achieved in prior year and referencing the future market trends.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle.

Growth rate estimates of revenue – Rates is estimated based on past experience, the long-term average growth rate has been adjusted based on the economic environment.

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Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of CHIANAN TECHNOLOGY CO., LTD., management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(10) Other non-current assets

Other non-current assets consist of the following:

	2022.12.31	2021.12.31
Refundable deposits	\$2,207	\$1,492

(11) Short-term loans

(a) Short-term loans consist of the following:

	Interest Rates(%)	2022.12.31	2021.12.31
Unsecured bank loans	0.85463%~7.07%	\$3,918,562	\$4,587,071

(b) The Group's unused short-term lines of credits amounts to NT\$3,132,419 thousand and NT\$4,856,404 thousand as of December 31, 2022 and 2021, respectively.

(12) Financial liabilities at fair value through profit or loss

	2022.12.31	2021.12.31
held for trading – current :		
Forward foreign exchange contracts	\$77	\$-
Current	\$77	\$-
Non-current	-	-
Total	\$77	\$-

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(13) Other payables

Other payables consist of the following:	2022.12.31	2021.12.31
Accrued expenses	\$651,493	\$815,535
Accrued interest payable	16,158	9,331
Payables to equipment suppliers	1,990,878	491,130
Total	<u>\$2,658,529</u>	<u>\$1,315,996</u>

(14) Bonds payable

A. The details of the bonds payable as of December 31, 2022 and 2021, are as follows:

	2022.12.31	2021.12.31
Liability component:		
Unsecured domestic bonds payable	\$2,400	\$499,900
Less: Discounts on bonds payable	(37)	(13,748)
Total	2,363	486,152
Less: Current portion	(2,363)	-
Non-current portion	<u>\$-</u>	<u>\$486,152</u>
Embedded derivative—redemption and put options	<u>\$-</u>	<u>\$800</u>
Equity component—conversion right	<u>\$281</u>	<u>\$63,923</u>

For the details of the gain or loss from valuation through profit or loss on embedded derivative - redemption, put options and the interest expense on the convertible bonds payable, please refer to Note 6(24)(d) to the consolidated financial statement.

B. On May 13, 2021, Dynamic Electronics issued the second unsecured domestic convertible bonds. The terms of the bonds are as follows:

- (a) Issue amount: NT\$500,000 thousand
- (b) Issue date: May 13, 2021
- (c) Issue price: Issued in 110.1% of par value

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- (d) Coupon rate: 0%
- (e) Issue period: May 13, 2021 to May 13, 2024
- (f) Settlement: A converting bond holder can convert bonds into the Company's stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at 100.7519% of face value (0.25% income return) by cash when they mature.
- (g) Conversion period : The bondholders will have the right to convert their bonds at any time during the conversion period commencing August 14, 2022 (the next day of three months following the closing date) and ending at the close of business on May 13, 2024 (the maturity date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date on (and including) such record; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction ; (iv) No request for conversion other than the starting date of the stop of conversion for the change of stock denomination to the day before the trading day before the start of the new stock exchange.
- (h) Conversion price and adjustment: The conversion price was originally at NT\$23.5 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

Because the cash dividend-common stock, distributed in 2021. According to the policies for the second domestic unsecured conversion of corporate bonds issued and conversion, the conversion price was subject to adjustments. Since August 13 2021, the conversion price was adjusted to NT\$23.1.

Because the cash dividend-common stock, distributed in 2022. According to the policies for the second domestic unsecured conversion of corporate bonds issued and conversion, the conversion price was subject to adjustments. Since July 18 2022, the conversion price was adjusted to NT\$22.4.

(i) Redemption
clauses:

a. The Company may redeem the convertible bonds from the next day (August 14, 2021) following a three-month period after the bonds are issued to 40 days before the maturity date (April 3, 2024) if the following terms are met: when the closing price of the Company's common shares is 30% above the convertible price for 30 consecutive trading days, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons). The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.

b. The Company may redeem the convertible bonds from three months after bond issued to the 40 days before maturity date. The total value of outstanding convertible bonds becomes less than 10% of the total issues for 30 consecutive trading days. The Company will send a bond redeem notification letter via registered mail to the bondholders. (Bondholders list based on redeem notification letter before sending to the bondholders for five business days, but bondholders merely be announced to acquire convertible bonds for selling, purchasing, or other reasons). And the redemption price would be set as the par value and the bond is purchased by cash and would be announced over Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.

c. If the bondholders do not respond to the Company's stock affair agency in writing (effective upon delivery; postal mail shall be based on the stamp date) prior to the redemption date stated in the notification letter, the Company will redeem such bonds at the par value of the convertible bonds and pay in cash within 5 business days following the redemption date.

(j)Bond holder's sell-back right : From August 26, 2022 to September 24, 2022, creditors can sell the convertible bonds back to the issuer company at the issuer price of NT\$110.1 plus interest compensation (0.25% real yield).

C. As of December 31, 2022, the second unsecured convertible bonds in the amount of NT\$800 thousand was applied to be converted into 35 thousand common shares. The surplus arising from the conversion amounted to NT\$533 thousand and were recorded under additional paid-in capital.

- D. In accordance with Article 11 (1) the share swap resolution passed at the regular shareholder's meeting on May 20, 2022: "After this share swap case is approved by the competent authority before the share swap date, the creditor may, within the designated period announced by the company, apply for a put-option or exercise the right of conversion in accordance with the issuance and conversion rules of the convertible bonds. The Dynamic II CB applied for a put-option will be redeemed in cash with each "bond face value" plus interest compensation. The interest compensation is calculated by multiplying the actual yield of 0.25% by the actual number of days of issuance, i. e. from the date of issuance until the put-option date." The resolution of the board of directors was adjusted on May 21, 2022 to " After this share swap case is approved by the competent authority, and before the share swap date, the creditor may, within the designated period announced by the company, apply for a put-option or exercise the right of conversion in accordance with the issuance and conversion rules of the convertible bonds. The Dynamic II CB applied for a put-option will be redeemed in cash with each "bond issued price" plus interest compensation. The interest compensation is calculated by multiplying the actual yield of 0.25% by the actual number of days of issuance, i. e., from the date of issuance until the put-option date." In the second quarter of 2022, the Company recognized gain on convertible bonds redemption in the amount of NT\$2,096 thousand in accordance with the revised issuance rules and the gain on convertible bonds redemption have been recognized in the statement of comprehensive income.
- E. As stated in Note 1 to the financial statement, Dynamic Electronics terminated its listing on August 25, 2022, so the second domestic unsecured convertible bonds issued by the Company on May 13, 2021 were also be terminated from the over-the-counter trading on the same day. According to Article 11 of the share swap resolution passed at the shareholders meeting, the Company allows the creditors to choose, within the period specified by the Company from August 26, 2022 to September 24, 2022, whether to apply to sell the bonds back to the company; or to apply for the right to convert into common shares of Dynamic Holdings Co., Ltd.; or to continue to hold Dynamic II until maturity in accordance with the Dynamic II issuance and conversion rules. As of December 31, 2022, the investor applied to a put-option in the amount of NT\$496,800 thousand, the redemption amount was NT\$548,850 thousand, the interest paid was NT\$1,873 thousand; and the loss of redemption of convertible bonds of NT\$57,668 thousand has been recognized in the statement of comprehensive income.

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(15) Long-term loans

(a) Details of long-term loans as of December 31, 2022 and 2021 are as follows:

Lenders	2022.12.31	Interest Rate (%) (Note2)	Maturity and terms of repayment
Bank of Shanghai Co., Ltd. — Zhongli Branch — Unsecured bank loans	\$264,566	RMB variable interest rate HIBOR 3M+0.9%	The grace period is 12 months upon first usage. After the grace period expires, principal is repayable in installments of the equal amount for eight terms. Pay interest quarterly.
Agricultural Bank of China — Kunshan Branch- Credit loans (Note1)	2,402,701	The benchmark interest rate of the People's Bank of China for a period of over five years - LPR-0.2%	After the grace period expires, the following terms are defined as every six months since then. The principle is repayable in installments of equal amount for eight years.
EnTie Bank — Offshore Banking Business Credit Loan	122,839	Taipei Foreign Exchange Trading Center Taifx3+2% for three months	The grace period is 12 months upon first usage. After the grace period expires, the principal is repayable in installments of the equal amount for eight terms.
Less: Current portion of long-term loans	(182,394)		
Non-current portion of long-term loans	<u>\$2,607,712</u>		

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Lenders	2021.12.31	Interest Rate (%) (Note2)	Maturity and terms of repayment
Bank of Communications Co., Ltd. – Huangshi Branch – Secured bank loans	\$651,224	People's Bank of China benchmark interest rate rises by 10%	The loan is due to be settled.
China Construction Bank Corporation – Huangshi Branch – Unsecured bank loans	130,245	China Construction Bank benchmark interest rate, negotiate a price.	The loan is due to be settled.
Bank of Shanghai Co., Ltd. – Zhongli Branch – Unsecured bank loans	260,490	RMB variable interest rate HIBOR 3M+0.9%	The grace period is 12 months upon first usage. After the grace period expires, principal is repayable in installments of the equal amount for eight terms. Pay interest quarterly.
Less: Current portion of long-term loans	(651,224)		
Non-current portion of long-term loans	<u>\$390,735</u>		

Note1: Please refer to Note 8 for more details regarding certain property, plant and equipment pledged for secured bank loans.

Note2: Interest rates of long-term loans are as follows:

	2022.12.31	2021.12.31
Interest Rates (%)	3.5047%~7.15%	3.986%~4.35%

- (b) On November 22, 2022, the Group has entered into a 3-year agreement of syndicated loans in credit line of USD 60,000 thousand, with Shanghai Bank and 3 other banks for the purpose of settling the unpaid loan balance mentioned above and replenishing operating capital.

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(16)Refund liability

	2022.12.31	2021.12.31
Refund liability	\$260,909	\$233,162

(17)Long-term deferred revenue

Government grants

	For the year ended December 31,	
	2022	2021
Beginning balance	\$389,065	\$380,616
Received during the period	243,566	43,452
Released to the statement of comprehensive income	(38,566)	(32,961)
Exchange differences	5,392	(2,042)
Ending Balance	\$599,457	\$389,065
	2022.12.31	2021.12.31
Non-current deferred revenue - government grants related to assets	\$599,457	\$389,065

Government grants have been received for purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to the grants.

(18)Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

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Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 amounted to NT\$1,804 thousand and NT\$4,848 thousand, respectively.

Additional pension expenses recognized for the executives commissioned by the Group amounted to NT\$2,833 thousand and NT\$216 thousand, for the years ended December 31, 2022 and 2021.

(19)Equities

(a)Common stock

As of December 31, 2021, the Company's authorized capital was NT\$4,000,000 thousand. As of December 31, 2021, the Company's paid-in capital was NT\$2,775,141 thousand, each share at par value of NT\$10, divided into 277,514,032 shares.

During 2021, the second unsecured convertible bonds in the amount of NT\$100 thousand were converted into 4 thousand common shares. On December 28, 2022, Dynamic Electronics's board meeting resolved to increase capital and the measurement date was on January 1, 2022.

During 2022, the second unsecured convertible bonds in the amount of NT\$700 thousand were converted into 31 thousand common shares.

As stated in Note 1 to the consolidated financial statements, the Company exchanged 1 common share of Dynamic Electronics for 1 common share of the Company through share conversion on August 25, 2022, and acquired 100% equity of Dynamic Electronics. As of December 31, 2022, the Company's registered capital was NTD4,000,000 thousand, and the issued share capital was NTD2,775,490 thousand, with a par value of NTD10 per share, divided into 277,548,934 shares.

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(b)Capital surplus

	2022.12.31	2021.12.31
Additional paid-in capital	\$1,176,745	\$1,176,745
Conversion premium of convertible corporate bonds	533	67
Treasury share transactions	34,946	32,214
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	51,811	15,531
Gain on sale of assets	155	155
Employee stock option	6,528	6,528
Share options	77,967	83,633
Merger by share exchange	1,621,622	-
Total	<u>\$2,970,307</u>	<u>\$1,314,873</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made either in cash or in the form of share dividend to its shareholders in proportion to the number of shares being held by each of them.

(c) Retained earnings and dividend policies

(1) Earning distribution

The promoters meeting of Dynamic Electronics Co., Ltd./Dynamic Holdings Co., Ltd. passed the company's articles of association through the shareholders' meeting on May 20, 2022. According to the company's articles of association, when allocating the current year's earnings, if any, after having paid all taxes and dues, shall first set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply; the rest shall be set aside as special surplus or reversal according to laws or the regulations of the competent authority; if there is any remaining portion, the board of directors shall, along with the accumulated undistributed earnings, submit a surplus distribution proposal to the shareholders meeting for a resolution to distribute shareholder dividends. The Company may, in accordance with Articles 240 and 241 of the Company Act, authorize the board of directors to issue cash dividends and bonuses by special resolutions, and distribute in cash the above-mentioned dividends or capital reserve or/and legal reserve in compliance with the Company Act and shall report the distribution in the most recent shareholder's meeting.

(2) Dividend policy

The company's dividend policy is based on the expansion of business scale, considering the company's capital expenditure and operating turnover needs and the degree of dilution of earnings per share to moderately distribute stock dividends or cash dividends, but cash dividends are paid at a rate not lower than the current 10% of total annual dividends.

(3) According to the Company Act, the Company shall set aside legal reserve from earnings unless where the amount of legal reserve reaches the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by shareholders.

(4)Special reserve

The special surplus reserve shall be set aside at the time of the assignment of the distributable surplus, on the basis of the difference between the balance of the special surplus reserve at the time of the first IFRS application and the net amount of other equity deductions. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

Following the adoption of T-IFRS, the FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance: On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, Dynamic Electronics shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, Dynamic Electronics can reverse the special reserve by proportion and transfer to retained earnings.

As of January 1, 2013, special reserve set aside for the first-time adoption of T-IFRS amounted to NT\$349,310 thousand. Furthermore, Dynamic Electronics has reversed special reserve in the amount of NT\$49,644 thousand to retained earnings during the year ended December 31, 2013 due to the use, disposal or reclassification of related assets. As of December 31, 2022 and 2021, special reserve set aside for the first-time adoption of T-IFRS reduced to NT\$299,666 thousand accordingly.

(5)The appropriations of earnings for the years 2022 and 2021 were approved through the Board meeting and stockholders' meeting held on March 15, 2023 and May 20, 2022, respectively. The details of the distributions are as follows.

	Appropriation of earnings		Dividend per share (in NT\$)	
	2022	2021	2022	2021
Legal reserve	\$16,209	\$47,045		
Special reserve	(114,583)	139,159		
Cash dividend	222,039	194,263	\$0.8	\$0.7
Total	<u>\$123,665</u>	<u>\$380,467</u>		

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Please refer to Note 6(23) for details on employees' compensation and remuneration to directors and supervisors.

(d) Non-controlling interests

	For the year ended December 31,	
	2022	2021
Beginning balance	\$-	\$-
Profit attributable to non-controlling interests	5,396	-
Exchange differences resulting from translating the financial statements of a foreign operation	3,357	-
Acquisition off additional interest in subsidiary	7,298	-
Acquisition of new shares in a subsidiary	114,879	-
Ending balance	<u>\$130,930</u>	<u>\$-</u>

(20) Operating revenues

	For the year ended December 31,	
	2022	2021
Revenue from contracts with customers		
Sales of goods	\$15,294,099	\$15,731,696
Other revenue	2,913	21,361
Total	<u>\$15,297,012</u>	<u>\$15,753,057</u>

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Analysis of revenue from contracts with customers during the years ended December 31, 2022 and 2021 are as follows:

A. Disaggregation of revenue

	For the year ended December 31,	
	2022	2021
	Single department	Single department
Sale of goods	\$15,294,099	\$15,731,696
Other	2,913	21,361
Total	\$15,297,012	\$15,753,057

The timing for revenue recognition:

At a point in time	\$15,297,012	\$15,753,057
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B. Contract balances

(a) Contract liabilities – current

	2022.12.31	2021.12.31	2021.01.01
Sale of goods	\$1,359	\$4,066	\$13,447

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2022 are as follows:

	Sales of goods
The opening balance transferred to revenue	\$(3,410)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	703

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The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2021 are as follows:

	Sales of goods
The opening balance transferred to revenue	\$(11,908)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	2,527

(21)Expected credit losses (gains)

	For the year ended December 31,	
	2022	2021
Operating expenses – Expected credit losses (gains)		
Account receivables	\$22,349	\$(4,512)

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2022 and 2021 are as follow:

A. The Group considers the grouping of trade receivables by counter parties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follow:

2022.12.31

	Not yet due	Past due					
	(Note)	≤30 days	31-60 days	61-90 days	91-120 days	≥121 days	Total
Gross carrying amount	\$4,262,321	\$143,158	\$23,472	\$11,454	\$181	\$4,775	\$4,445,361
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	(23,472)	(11,454)	(181)	(4,775)	(39,882)
Carrying amount of trade receivables	\$4,262,321	\$143,158	\$-	\$-	\$-	\$-	\$4,405,479

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2021.12.31

	Not yet due (Note)	Past due					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$4,563,835	\$111,594	\$1,519	\$1,720	\$1,650	\$3,803	\$4,684,121
Loss ratio	-%	6.48%	100%	100%	100%	100%	
Lifetime expected credit losses	-	(7,227)	(1,519)	(1,720)	(1,650)	(3,803)	(15,919)
Carrying amount of trade receivables	\$4,563,835	\$104,367	\$-	\$-	\$-	\$-	\$4,668,202

Note: all the Group's notes receivable were not past due.

B. The movement in the provision for impairment of notes receivable and accounts receivable for the years ended December 31, 2022 and 2021 are as follows:

	Notes receivable	Accounts receivable
Beginning balance as of January 1, 2022	\$-	\$15,919
Addition/ (reversal) for the current period	-	22,349
Effect of exchange rate changes	-	1,614
Ending balance as of December 31, 2022	\$-	\$39,882
Beginning balance as of January 1, 2021	\$-	\$20,671
Addition/ (reversal) for the current period	-	(4,512)
Effect of exchange rate changes	-	(240)
Ending balance as of December 31, 2021	\$-	\$15,919

(22)Leases

(a)Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment. The lease terms range from 2 to 50 years. The Group is not allowed to loan, sublease or sell without obtaining the consent from the lessors.

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The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A.Amounts recognized in the balance sheet

a.Right-of-use assets

	Land	Buildings	Machinery and equipment	transportation equipment	Total
Cost :					
2022.01.01	\$456,208	\$-	\$-	\$6,056	\$462,264
Additions	-	1,178	4,573	-	5,751
Disposals	-	-	-	-	-
Exchange differences	7,139	-	-	-	7,139
2022.12.31	<u>\$463,347</u>	<u>\$1,178</u>	<u>\$4,573</u>	<u>\$6,056</u>	<u>\$475,154</u>

Cost :					
2021.01.01	\$310,993	\$1,047	\$-	\$-	\$312,040
Additions	147,003	-	-	6,056	153,059
Disposals	-	(1,047)	-	-	(1,047)
Exchange differences	(1,788)	-	-	-	(1,788)
2021.12.31	<u>\$456,208</u>	<u>\$-</u>	<u>\$-</u>	<u>\$6,056</u>	<u>\$462,264</u>

Depreciation and impairment:

2022.01.01	\$51,972	\$-	\$-	\$2,019	\$53,991
Depreciation	9,298	295	1,147	2,019	12,759
Disposals	-	-	-	-	-
Exchange differences	782	(1)	(4)	-	777
2022.12.31	<u>\$62,052</u>	<u>\$294</u>	<u>\$1,143</u>	<u>\$4,038</u>	<u>\$67,527</u>

Depreciation and impairment:

2021.01.01	\$43,078	\$916	\$-	\$-	\$43,994
Depreciation	9,132	131	-	2,019	11,282
Disposals	-	(1,047)	-	-	(1,047)
Exchange differences	(238)	-	-	-	(238)
2021.12.31	<u>\$51,972</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,019</u>	<u>\$53,991</u>

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	Land	Buildings	Machinery and equipment	transportation equipment	Total
Net carrying amount as at:					
2022.12.31	\$401,295	\$884	\$3,430	\$2,018	\$407,627
2021.12.31	\$404,236	\$-	\$-	\$4,037	\$408,273

Please refer to Note 8 for more details on right-of-use assets under pledge.

b. Lease liabilities

	2022.12.31	2021.12.31
Lease liabilities	\$6,564	\$4,064
Current	\$4,910	\$2,019
Non-current	1,654	2,045
Total	\$6,564	\$4,064

Please refer to Note 6(24)(d) for the interest on lease liabilities recognized during the year ended December 31, 2022 and 2021 refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2022 and 2021.

B. Income and costs relating to leasing activities

	For the year ended December 31,	
	2022	2021
The expenses relating to short-term leases	\$32,370	\$33,313

The portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expenses disclosed above, and the amount of its lease commitments is NT\$0.

C. Cash outflow relating to leasing activities

During the year ended December 31, 2022 and 2021, the Group's total cash outflows for leases amounting to NT\$ 35,752 thousand and NT\$ 35,370 thousand, respectively.

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(23) Summary of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2022 and 2021 is as follows:

Function Nature	2022			2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$1,301,614	\$703,268	\$2,004,882	\$1,671,125	\$825,066	\$2,496,191
Labor and health insurance	1,615	1,967	3,582	-	8,002	8,002
Pension	574	4,063	4,637	-	5,064	5,064
Other employee benefits	182	145	327	82	396	478
Depreciation	763,359	87,186	850,545	621,772	74,399	696,171
Amortization	2,587	24,251	26,838	2,285	16,781	19,066

The promoter meeting of Dynamic Electronics Co., Ltd./Dynamic Holding Co., Ltd. was passed the Company's articles of association (hereinafter the Articles of Incorporation) at the shareholders' meeting on May 20, 2022. According to the Articles of Incorporation, if there is profit in the year, no less than 0.1% shall be allocated as employee compensation and no more than 3% as director remuneration. However, when there are accumulated losses, the profit shall be used to cover the losses first. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 to be not lower than 0.1% and not higher than 3% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 amount to NT\$ 2,619 thousand and NT\$ 2,508 thousand, respectively.

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Based on profit of the year ended December 31, 2021, Dynamic Electronics estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2021 to be not lower than 6% and not higher than 3% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2021 amount to NT\$52,386 thousand and NT\$10,483 thousand, respectively.

The board of directors of the company resolved to pay the employees' compensation and remuneration to directors and supervisors amount NT\$ 2,619 thousand and NT\$ 2,508 thousand respectively on February 24, 2023. There is no difference in the amount of the expense for 2022.

The board of directors of Dynamic Electronics resolved to pay the employees' compensation and remuneration to directors and supervisors amount NT\$ 52,386 thousand and NT\$ 10,483 thousand respectively on February 23, 2022. There is no difference in the amount of the expense for 2021.

(24)Non-operating income and expenses

(a)Interest income

	For the year ended December 31,	
	2022	2021
Interest income		
Financial assets measured at amortized cost	\$16,930	\$8,429

(b)Other income

	For the year ended December 31,	
	2022	2021
Other income — others	\$169,925	\$244,414

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(c) Other gains and losses

	For the year ended December 31,	
	2022	2021
Gain (loss) on disposal of property, plant and equipment	\$(53,697)	\$(17,126)
Foreign exchange gains (losses), net	215,192	(51,465)
Gains on financial assets at fair value through profit or loss	(4,348)	3,682
Impairment reversal on non-financial assets	(33,715)	12,330
Losses on redemption of bonds	(57,668)	-
Others losses – others	(73,471)	(67,980)
Total	\$(7,707)	\$(120,559)

(d) Finance costs

	For the year ended December 31,	
	2022	2021
Interest on borrowings from bank	\$228,610	\$129,745
Interest on lease liabilities	127	65
Interest on bonds payable	7,046	4,638
Total	\$235,783	\$134,448

(25) Components of other comprehensive income (loss)

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	\$117,940	\$-	\$117,940	\$-	\$117,940

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For the year ended December 31, 2021

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	<u>\$(33,951)</u>	<u>\$-</u>	<u>\$(33,951)</u>	<u>\$-</u>	<u>\$(33,951)</u>

(26)Income tax

(a)The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the year ended December 31,	
	2022	2021
Current income tax expense (income):		
Current income tax charge	\$106,556	\$89,190
Adjustments in respect of current income tax of prior periods	(17,667)	(27,903)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	135,325	115,395
Total income tax expense	<u>\$224,214</u>	<u>\$176,682</u>

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(b) A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2022	2021
Accounting profit before tax from continuing operations	\$776,848	\$647,136
Tax at the domestic rates applicable to profits in the country concerned	\$254,264	\$262,327
Other adjustments according to the Tax Law	(35,523)	(81,894)
Tax on undistributed earnings	4,633	25,008
Tax effect of deferred tax assets/liabilities	18,507	(856)
Prior years' tax adjustments	(17,667)	(27,903)
Total income tax expense recognized in profit or loss	\$224,214	\$176,682

(c) Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Deferred tax income (expense) recognized in profit or loss	Exchange adjustment	Ending balance as of December 31, 2022
Temporary differences				
Bad debts loss	\$345	\$105	\$6	\$456
Unrealized loss on inventory valuation	24,793	(5,168)	405	20,030
Investments accounted for using the equity method	(266,559)	(125,783)	-	(392,342)
Gain on disposal of property, plant and equipment	30,652	(30,652)	-	-
Unrealized exchange loss (gain)	366	(3,667)	-	(3,301)
Sales returns and allowances	986	(986)	-	-
Government grants revenue	58,216	30,826	806	89,848
Deferred tax income (expense)		<u>\$(135,325)</u>	<u>\$1,217</u>	
Net deferred tax assets (liabilities)	<u>\$(151,201)</u>			<u>\$(285,309)</u>

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	Beginning balance as of January 1, 2022	Deferred tax income (expense) recognized in profit or loss	Exchange adjustment	Ending balance as of December 31, 2022
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$115,358</u>			<u>\$110,334</u>
Deferred tax liabilities	<u>\$(266,559)</u>			<u>\$(395,643)</u>

For the year ended December 31, 2021

	Beginning balance as of January 1, 2021	Deferred tax income (expense) recognized in profit or loss	Exchange adjustment	Ending balance as of December 31, 2021
Temporary differences				
Bad debts loss	\$-	\$345	\$-	\$345
Unrealized loss on inventory valuation	1,864	22,958	(29)	24,793
Investments accounted for using the equity method	(397,870)	131,311	-	(266,559)
Over 2 years payables	86	(86)	-	-
Gain on disposal of property, plant and equipment	34,521	(3,869)	-	30,652
Impairment loss on assets	3,504	(3,504)	-	-
Unrealized exchange loss (gain)	1,889	(1,523)	-	366
Sales returns and allowances	6,075	(5,089)	-	986
Commission expense	11,675	(11,675)	-	-
Unused tax losses	244,441	(244,441)	-	-
Employee benefits	1,575	(1,575)	-	-
Government grants revenue	56,767	1,753	(304)	58,216
Deferred tax income (expense)		<u>\$(115,395)</u>	<u>\$(333)</u>	
Net deferred tax assets (liabilities)	<u>\$(35,473)</u>			<u>\$(151,201)</u>

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	Beginning balance as of January 1, 2021	Deferred tax income (expense) recognized in profit or loss	Exchange adjustment	Ending balance as of December 31, 2021
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$362,397</u>			<u>\$115,358</u>
Deferred tax liabilities	<u>\$(397,870)</u>			<u>\$(266,559)</u>

(d) Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets that have not been recognized amounts to NT\$380,455 thousand and NT\$286,311 thousand, respectively.

(e) The following tables contain information of the net operating losses of the Company:

<u>Year incurred</u>	<u>Net Operating Loss</u>	<u>Expiration year</u>
2022	<u>\$22,815</u>	2032

The following tables contain information of the net operating losses of the Subsidiaries:

<u>Year incurred</u>	<u>Net Operating Loss</u>	<u>Expiration year</u>
2013	\$17,984	2023
2014	224,933	2024
2015	82,157	2025
2016	138,185	2026
2017	194,926	2027
2018	127,096	2028
2019	<u>198,948</u>	2029
Total	<u>\$984,229</u>	

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(f) The assessment of income tax returns

As of December 31, 2022, the assessment status of income tax returns of the Company and subsidiaries was as follows:

	<u>The assessment of income tax returns</u>
The Company	As the Company was established on August 25, 2022
Subsidiary - Dynamic Electronics Co., Ltd.	Assessed and approved up to 2020
Subsidiary - CHIANAN TECHNOLOGY CO., LTD.	Assessed and approved up to 2019
Subsidiary - CHENG CHONG TECHNOLOGY CO., LTD.	Assessed and approved up to 2019

(27) Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
(a) Basic earnings per share		
Net income available to common shareholders of the parent	<u>\$547,238</u>	<u>\$470,454</u>
Weighted average number of common stocks outstanding (in thousand shares)	<u>277,531</u>	<u>277,515</u>
Basic earnings per share (in NT\$)	<u>\$1.97</u>	<u>\$1.70</u>

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	For the year ended December 31,	
	2022	2021
(b) Diluted earnings per share		
Net income available to common shareholders of the parent	\$547,238	\$470,454
Issued domestic bonds payable of valuation through profit or loss on redemption	865	(440)
Interest on convertible bonds	20	3,710
Gains on redemption of bonds	(1,677)	-
Losses on redemption of bonds	(Note)	-
Net income available to common shareholders of the parent after dilution (in thousand NT\$)	<u>\$546,446</u>	<u>\$473,724</u>
Weighted average number of common stocks outstanding (in thousand shares)	277,531	277,515
Effect of dilution:		
Employee bonus (compensation) - stock (in thousand shares)	500	2,703
Convertible bonds (in thousands)	121	13,818
Redemption of bonds (in thousands)	(Note)	-
Weighted average number of common stocks outstanding after dilution (in thousand shares)	<u>278,152</u>	<u>294,036</u>
Diluted earnings per share (in NT\$)	<u>\$1.96</u>	<u>\$1.61</u>

Note: It is not applicable due to anti-dilutive effect.

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

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(28) Business combination

Acquisition of subsidiary – CHIANAN TECHNOLOGY CO., LTD.

On February 23, 2022, the board of directors of the Group resolved to acquire 70% of the voting shares of CHIANAN TECHNOLOGY CO., LTD. It is a Taiwan based unlisted company specializing in mockup manufacturing. The Group's acquisition of CHIANAN TECHNOLOGY CO., LTD., is to achieve the goal of long-term expansion, improve the overall operating performance, and carry out diversified development.

The fair value of the identifiable assets and liabilities of CHIANAN TECHNOLOGY CO., LTD. at date of acquisition were:

	Fair value recognized on the acquisition date
Assets	
Cash and cash equivalents	\$6,114
Notes and Accounts Receivable	10,205
Prepayments	51
Property, Plant and Equipment	927
Intangible assets	101
Subtotal	<u>17,398</u>
Liabilities	
Notes and accounts payable	2,134
Other payables	2,404
Income tax liabilities	1,106
Other current liabilities	38
Subtotal	<u>5,682</u>
Net identifiable assets	<u><u>\$11,716</u></u>

The Company has elected to measure the non-controlling interest in CHIANAN TECHNOLOGY CO., LTD. at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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From the acquisition date, CHIANAN TECHNOLOGY CO., LTD. has contributed NT\$20,337 thousand of revenue and NT\$798 thousand to the net loss before tax of the Group. If the combination had taken place at the beginning of the year, revenue from the continuing operations would have been NT\$15,302,683 thousand and the profit from continuing operations for the Group would have been NT\$583,579 thousand.

The goodwill of NT\$37,859 thousand comprises the fair value of expected synergies arising from acquisition.

The amount of goodwill of CHIANAN TECHNOLOGY CO., LTD. is as follows:

Consideration transferred	\$46,060
Plus: value of non-controlling interests	3,515
Less: fair value of net identifiable assets	(11,716)
Goodwill	<u>\$37,859</u>
Cash flow from acquisition	
Net cash received from subsidiaries	\$6,114
Amount of cash payments	(46,060)
Net cash outflow	<u>\$(39,946)</u>

Acquisition of Subsidiary – CHENG CHONG TECHNOLOGY CO., LTD.

On February 23, 2022, the board of directors of the Group resolved to acquire 70% of the voting shares of Cheng Chong Technology Co., Ltd. It is a Taiwan based unlisted company specializing in mockup manufacturing. The Group's acquisition of Cheng Chong Technology Co., Ltd. is to achieve the goal of long-term expansion, improve the overall operating performance, and carry out diversified development.

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The fair value of the identifiable assets acquired and liabilities of CHENG CHONG TECHNOLOGY CO., LTD. at date of acquisition were:

	Fair value recognized on the acquisition date
Assets	
Cash and cash equivalents	\$5,535
Notes and Accounts Receivable	13,325
Prepayments	123
Property, Plant and Equipment	2,877
Intangible assets	104
Subtotal	21,964
Liabilities	
Notes and accounts payable	2,386
Other payables	4,927
Income tax liabilities	1,786
Other current liabilities	256
Subtotal	9,355
Net identifiable assets	\$12,609

The Company has elected to measure the non-controlling interest in CHENG CHONG TECHNOLOGY CO., LTD. at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

From the acquisition date, CHENG CHONG TECHNOLOGY CO., LTD. has contributed NT\$22,910 thousand of revenue and NT\$737 thousand to the net profit before tax of the Group. If the combination had taken place at the beginning of the year, revenue from the continuing operations would have been NT\$15,305,399 thousand and the profit from continuing operations for the Group would have been NT\$586,035 thousand.

The goodwill of NT\$24,385 thousand comprises the fair value of expected synergies arising from acquisition.

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The amount of goodwill of CHENG CHONG TECHNOLOGY CO., LTD. is as follows:

Consideration transferred	\$33,211
Plus: value of non-controlling interests	3,783
Less: fair value of net identifiable assets	(12,609)
Goodwill	<u>\$24,385</u>
Cash flow from acquisition	
Net cash received from subsidiaries	\$5,535
Amount of cash payments	(33,211)
Net cash outflow	<u>\$(27,676)</u>

(29) Changes in ownership equity of subsidiaries

Acquisition of new shares in a subsidiary not in proportionate to ownership interest

Dynamic Electronics Co., Ltd. (Huangshi) issued new shares on September 27, 2022. The Group did not participate in the subscription, so its ownership was reduced to 97.8541%. The capital increase cash obtained by the Group was NTD\$156,279 thousand, and the book value of the net assets of Dynamic Electronics Co., Ltd. (Huangshi) (on initial acquisition and excluding goodwill) was NTD\$5,472,007 thousand. The Group's reduction of relevant equity in Dynamic Electronics Co., Ltd. (Huangshi) including the increase in non-controlling equity is as follows:

Additional cash received from the issuance of new shares	\$151,159
Increase (decrease) to non-controlling interests	(114,879)
Difference recognized in capital surplus within equity	<u>\$36,280</u>

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7. Related party transactions

(1) Significant transactions with related parties

(a) Key management personnel compensation

	For the year ended December 31,	
	2022	2021
Short-term employee benefits	\$33,386	\$83,985
Post-employment benefits	521	1,240
Total	<u>\$33,907</u>	<u>\$85,225</u>

8. Assets pledged as collateral

As of December 31, 2022 and 2021, the assets pledged for the Group's loans consist of the following:

Assets	Book value	Purpose of pledge
<u>2022.12.31</u>		
Property, plant and equipment – Buildings	\$2,689,655	Secured loans
Property, plant and equipment – Machinery and equipment	1,175,690	Secured loans
Property, plant and equipment – Office equipment	46,447	Secured loans
Property, plant and equipment – Other equipment	13,814	Secured loans
Construction in progress	74,235	Secured loans
Right-of-use assets	371,807	Secured loans
Financial assets measured at amortized cost	162,441	Secured loans
Total	<u>\$4,534,089</u>	
<u>2021.12.31</u>		
Property, plant and equipment – buildings	\$1,374,238	Secured loans
Right-of-use assets	230,271	Secured loans
Total	<u>\$1,604,509</u>	

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9. Significant contingencies and unrecognized contract commitments

As of December 31, 2022, the Group's outstanding contracts relating to purchased property, plant and equipment were as follows:

<u>Type of Asset</u>	<u>Total Amount</u>	<u>Amount paid</u>	<u>Amount unpaid</u>
Machinery and construction contracts	<u>\$264,220</u>	<u>\$158,819</u>	<u>\$105,401</u>

Amount paid was recorded under construction in progress and equipment to be examined.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

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12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2022	2021
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	\$1,676,826	\$2,729,213
Financial assets measured at amortized cost	162,441	1,218
Notes receivable	40,165	43,247
Accounts receivable	4,365,314	4,624,955
Other receivables	84,356	103,615
Refundable deposits	2,207	1,492
Total	6,331,309	7,503,740
Financial assets at fair value through profit or loss:		
Held for trading	-	3,930
Total	\$6,331,309	\$7,507,670

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Financial liabilities

	As of December 31,	
	2022	2021
Financial liabilities at amortized cost:		
Short-term loan	\$3,918,562	\$4,587,071
Payables	5,682,175	4,876,920
Bonds payable (including current portion with maturity less than 1 year)	2,363	486,152
Leased liabilities (including current portion with maturity less than 1 year)	6,564	4,064
Long-term loan (including current portion with maturity less than 1 year)	2,790,106	1,041,959
Total	12,399,770	10,996,166
Financial liabilities at fair value through profit or loss:		
Held for trading	77	-
Total	<u>\$12,399,847</u>	<u>\$10,996,166</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before the Group enters into significant transactions, the Board of Directors and Audit Committee must carry out due approval process based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency. The information of the sensitivity analyses is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2022 and 2021 is decreased/increased by NT\$11,033 thousand and NT\$12,828 thousand, respectively.

When NTD strengthens/weakens against RMB by 1%, the profit for the years ended December 31, 2022 and 2021 is increased /decreased by NT\$83,556 thousand and NT\$48,377 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2022 and 2021 to decrease/increase by NT\$5,868 thousand and NT\$4,447 thousand, respectively.

Equity price risk

As of December 31, 2022 and 2021, the Group does not hold equity securities at fair value; therefore the Group is not subject to equity price risk.

(4)Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2022 and 2021, accounts receivable from top ten customers represent 65.41% and 60.28% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

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The Group adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>2022.12.31</u>					
Loans	\$4,327,936	\$579,157	\$1,123,642	\$1,410,788	\$7,441,523
Payables	5,682,175	-	-	-	5,682,175
Bonds payable	2,400	-	-	-	2,400
Lease liabilities	5,049	1,671	-	-	6,720
<u>2021.12.31</u>					
Loans	\$5,390,717	\$455,076	\$-	\$-	\$5,845,793
Payables	4,876,920	-	-	-	4,876,920
Bonds payable	-	499,900	-	-	499,900
Lease liabilities	2,057	2,057	-	-	4,114

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(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term loans	Bonds payable	Long-term loans	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	\$4,587,071	\$486,152	\$1,041,959	\$121,124	\$4,064	\$6,240,370
Cash flows	(668,509)	(548,850)	1,731,842	(43,001)	(3,382)	468,100
Non-cash changes						
Lease modification	-	-	-	-	5,751	5,751
Others	-	58,015	-	-	-	58,015
Interest expense	-	7,046	-	-	127	7,173
Foreign exchange movement	-	-	16,305	-	4	16,309
As of December 31, 2022	<u>\$3,918,562</u>	<u>\$2,363</u>	<u>\$2,790,106</u>	<u>\$78,123</u>	<u>\$6,564</u>	<u>\$6,795,718</u>

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term loans	Bonds payable	Long-term loans	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2021	\$2,582,600	\$-	\$654,722	\$25,163	\$444	\$3,262,929
Cash flows	2,004,471	545,297	390,735	95,961	(2,057)	3,034,407
Non-cash changes						
Lease modification	-	-	-	-	5,612	5,612
Others	-	(63,783)	-	-	-	(63,783)
Interest expense	-	4,638	-	-	65	4,703
Foreign exchange movement	-	-	(3,498)	-	-	(3,498)
As of December 31, 2021	<u>\$4,587,071</u>	<u>\$486,152</u>	<u>\$1,041,959</u>	<u>\$121,124</u>	<u>\$4,064</u>	<u>\$6,240,370</u>

(7) Fair values of financial instruments

- (a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- i. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- iv. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

v. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

Other than the item is listed in the table below, the carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value:

	Carrying amount	
	2022.12.31	2021.12.31
Financial liabilities:		
Bonds payable	\$2,363	\$486,152
	Fair value	
	2022.12.31	2021.12.31
Financial liabilities:		
Bonds payable	\$2,361	\$486,753

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2022 and 2021 are as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6 for further information on this transaction.

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Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Items (by contract)	Notional Amount (in thousand dollars)	Contract Period
2022.12.31		
Forward currency contract	USD 3,000	2022.12.22~2023.03.20
2021.12.31		
Forward currency contract	USD 3,000	2021.11.02~2022.01.26
Forward currency contract	USD 3,500	2021.11.02~2022.01.26
Forward currency contract	USD 3,500	2021.12.29~2022.03.28

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

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Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2022

<u>Financial assets:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$77	\$-	\$77

As of December 31, 2021

<u>Financial assets:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$3,130	\$-	\$3,130
Convertible bonds	-	-	800	800
Total	\$-	\$3,130	\$800	\$3,930

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

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Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through profit or loss
Beginning balances as of January 1, 2022	\$800
Acquisition/issues for the period	(2,347)
Disposal/settlements for the period	(500)
Total gains and losses for the period	
Amount recognized in gains/losses (report on other gains and losses)	2,047
Ending balances as of December 31, 2022	\$-

	Assets
	At fair value through profit or loss
Beginning balances as of January 1, 2021	\$-
Acquisition/issues for the period	250
Total gains and losses for the period	
Amount recognized in gains/losses (report on other gains and losses)	550
Ending balances as of December 31, 2021	\$800

Total gains and losses recognized in profit or loss for the ended December 31, 2022 and 2021 in the table above contain gains and losses related to assets or liabilities on hand in the amount of NT\$2,047 thousand and NT\$550, respectively.

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Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	39.06%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$10 thousand

As of December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	46.12%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$60 thousand

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(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables (Please refer to the Note6(14))	\$-	\$-	\$2,361	\$2,361

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables (Please refer to the Note6(14))	\$-	\$-	\$486,753	\$486,753

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(10) Significant assets and liabilities denominated in foreign currencies (in thousand dollars)

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	2022.12.31			2021.12.31		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	<u>\$132,717</u>	30.71	<u>\$4,076,297</u>	<u>\$145,278</u>	27.68	<u>\$4,021,308</u>
RMB	<u>\$467,464</u>	4.4094	<u>\$2,061,251</u>	<u>\$643,751</u>	4.3415	<u>\$2,794,841</u>
<u>Financial liabilities</u>						
Monetary items:						
USD	<u>\$62,529</u>	30.71	<u>\$1,920,275</u>	<u>\$98,910</u>	27.68	<u>\$2,737,827</u>
RMB	<u>\$2,362,399</u>	4.4094	<u>\$10,416,840</u>	<u>\$1,758,039</u>	4.3415	<u>\$7,632,523</u>

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

Since there were varieties of foreign currency transactions of the Group, the Group was unable to disclose foreign exchange gain (loss) towards each foreign currency with significant impact. The Group recognized exchange gain (loss) amounted to NT\$215,192 thousand and NT\$(51,465) thousand for the years ended December 31, 2022 and 2021, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosures

(1) The following are additional disclosures for the Company as required by the R.O.C. Securities and Futures Bureau:

- a. Financing provided to others for the year ended December 31, 2022: None.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2022: Please refer to Attachment 1.
- c. Securities held as of December 31, 2022 (excluding subsidiaries, associates and joint ventures): None.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.
- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock for the year ended December 31, 2022: None.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2022: None.
- i. Financial instruments and derivative transactions: None.
- j. Significant intercompany transactions between the parent with subsidiaries or among subsidiaries: Please refer to Attachment 7.

(2) Information on investees :

- A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 2.
- B. An investor controls operating; investing and financial decisions of an investee, the related information Note13(1) for the investee shall be disclosed as below:
- (a) Financing provided to others for the year ended December 31, 2022: Please refer to Attachment 3.
 - (b) Endorsement/Guarantee provided to others for the year ended December 31, 2022: Attachment 1.
 - (c) Securities held as of December 31, 2022 (excluding subsidiaries, associates and joint ventures): None.
 - (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.
 - (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: Please refer to Attachment 4.
 - (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.
 - (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock for the year ended December 31, 2022: Please refer to Attachment 5.
 - (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2022: Please refer to Attachment 6.

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(i) Financial instruments and derivative transactions: Please refer to Note 12(8).

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(3) Information on investments in Mainland China:

- a. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	\$2,456,800 (Note 2 、 3 and 6)	(Note 12)	\$2,260,265	\$-	\$-	\$2,260,265	\$(102,199) (Note 2)	100%	\$(99,925) (Note 2 、 4 、 5 and 11)	\$2,840,667 (Note 2 、 4 、 5 and 11)	\$1,851,997 (Note 2)	\$2,260,265	\$- (Note 12)	No upper limit (Note 10)

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Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics Co., Ltd. (Huangshi)	Manufacturing and selling of PCB	\$1,788,858 (Note 2、6、7、8 and 9)	(Note 1)	\$504,167	\$-	\$-	\$504,167	\$525,407 (Note 2)	97.8541%	\$377,765 (Note 2、4、5 and 11)	\$5,612,219 (Note 2、4、5 and 11)	\$-	\$504,167	\$3,397,582	

Note 1: Investment in Mainland China through WINTEK (MAURITIUS) CO., LTD. and Dynamic Holding Pte. Ltd., companies established in the third area.

Note 2: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.

Note 3: Total amount of paid-in capital is USD 80,000 thousand.

Note 4: The investment income (loss) recognized under equity method and by calculation was based on audited financial statements.

Note 5: WINTEK (MAURITIUS) CO., LTD. recognized investment income (loss) and book value by Dynamic Electronics (Kunshan) Co. Ltd. and Dynamic Electronics Co., Ltd., (Huangshi) through Dynamic Electronics Holding Pte. Ltd.

Note 6: The difference between investments remitted from Taiwan in amount of USD 69,500 thousand and the received paid-in capital of USD 80,000 thousand was cash capital increase of USD 10,500 thousand made by WINTEK (MAURITIUS) CO., LTD.

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Note 7: The difference between investments remitted from Taiwan in amount of USD 16,060 thousand and the paid-in capital of USD50,000 thousand is an indirect investment of USD33,940 thousand made by WINTEK (MAURITIUS) CO., LTD. by using cash dividends received from Dynamic Electronics (Kunshan) Co. Ltd.

Note 8: Dynamic Electronics Co., Ltd. (Huangshi) passed the resolution of the board of directors on August 4, 2022 to reduce the capital of USD 73,000 thousand, which was booked under capital surplus. In addition, on September 2, 2022 , the board of directors approved a cash capital increase of RMB 35,000 thousand of which RMB 8,888 thousand (equivalent to USD 1,250 thousand) was booked as capital, and the remaining RMB 26,112 thousand was booked as capital surplus.

Note 9: Total amount of paid-in capital is USD58,250 thousand.

Note 10: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 11: Transactions between consolidated entities are eliminated in the consolidated financial statements.

Note 12: The Company previously indirectly invested in its China subsidiary, Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics Holding Pte. Ltd. The Company now indirectly invests in Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics Co., Ltd. (Huangshi).

b. Purchases and accounts payable with the related parties: Please refer to Attachment 7.

c. Sales and accounts receivable with the related parties: None.

d. The profit and loss produced by transaction of the property:

As of December 31 2022, the Company wrote off the profit of property, plant and equipment amounted to NT\$117,498 thousand, because of unrealized under the investment balance using the equity method.

e. The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure: Please refer to Attachment 1.

f. The amount of maximum financing, the balance interest rates, and lump sum interest expense: Please refer to Attachment 3.

g. The other events impact over current profit or loss or have the significant influence over the financial conditions, such as provided service or received service: Please refer to Attachment 7.

h. The aforementioned transaction had been eliminated in the consolidated financial statements. Please refer to Attachment 7.

(4) Information on major shareholders:

None.

14. Segment information

(1) For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

PCB segment: The segment is primarily responsible for the manufacturing of PCBs and selling them to electronic producers.

Mock-up segment: This segment is responsible for mock-up manufacturing and sales to electronic product manufacturers.

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No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

Reportable segment information for the years ended December 31, 2022 and 2021 were as follows:

	PCB segment	Mock-up segment	Sub-total	Adjustments and eliminations (Note1)	Consolidated
<u>2022</u>					
Revenues					
External customers	\$15,253,864	\$43,148	\$15,297,012	\$-	\$15,297,012
Inter-segment	24,956,885	-	24,956,885	(24,956,885)	-
Interest revenue	62,275	17	62,292	(45,362)	16,930
Total	<u>\$40,273,024</u>	<u>\$43,165</u>	<u>\$40,316,189</u>	<u>\$(25,002,247)</u>	<u>\$15,313,942</u>
Segment income (loss)	<u>\$552,721</u>	<u>\$(87)</u>	<u>\$552,634</u>	<u>\$-</u>	<u>\$552,634</u>
<u>2021</u>					
Revenues					
External customers	\$15,753,057	\$-	\$15,753,057	\$-	\$15,753,057
Inter-segment	15,680,284	-	15,680,284	(15,680,284)	-
Interest revenue	40,258	-	40,258	(31,829)	8,429
Total	<u>\$31,473,599</u>	<u>\$-</u>	<u>\$31,473,599</u>	<u>\$(15,712,113)</u>	<u>\$15,761,486</u>
Segment income (loss)	<u>\$470,454</u>	<u>\$-</u>	<u>\$470,454</u>	<u>\$-</u>	<u>\$470,454</u>

Note : Inter-segment revenues are eliminated upon consolidation and recorded under the “adjustments and eliminations” column.

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Details of operational asset-related information as of December 31, 2022 and 2021 are as follows:

	PCB segment	Mock-up segment	Sub-total	Adjustments and eliminations	Consolidated
<u>2022.12.31</u>					
Segment assets	<u>\$20,246,761</u>	<u>\$39,956</u>	<u>\$20,286,716</u>	<u>\$(273,011)</u>	<u>\$20,013,705</u>
<u>2021.12.31</u>					
Segment assets	<u>\$26,261,914</u>	<u>\$-</u>	<u>\$26,261,914</u>	<u>\$(8,623,319)</u>	<u>\$17,638,595</u>

(2) Geographical information

(a) Revenues from external customers (Note)

	For the year ended December 31,	
	2022	2021
China	\$6,381,200	\$5,891,606
Korea	1,118,564	1,426,886
Germany	927,756	966,936
Mexico	805,614	-
Other countries	6,063,878	7,467,629
Total	<u>\$15,297,012</u>	<u>\$15,753,057</u>

Note: The revenue information above is based on the location of the customer.

(b) Non-current assets

	2022.12.31	2021.12.31
Taiwan	\$46,232	\$10,566
China	10,378,866	6,685,425
Total	<u>\$10,425,098</u>	<u>\$6,695,991</u>

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese
DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information about major customers

	For the year ended December 31,	
	2022	2021
Customer A	\$2,634,307	\$2,032,668

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2022

Attachment 1

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)				Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Relationship (Note2)		Maximum Balance for the Period	Ending Balance	Amount Actually Drawn						
0	Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	2	\$6,022,472	\$3,114,840	\$2,483,460	\$91,980	\$-	41.24%	\$6,022,472	Y	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	2	\$6,045,287	\$3,133,530	\$1,734,660	\$1,627,350	\$-	28.80%	\$6,045,287	N	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	2	\$6,045,287	\$321,650	\$-	\$-	\$-	-%	\$6,045,287	N	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	2	\$6,045,287	\$149,450	\$61,320	\$-	\$-	1.02%	\$6,045,287	N	N	N

Note 1: Dynamic Holding Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Holding Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

- 1.The company with business contacts.
- 2.The company directly and indirectly holds more than 50% of the shares with voting rights.
- 3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.
- 4.The company directly and indirectly holds more than 90% of the shares with voting rights.
- 5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.
- 6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.
- 7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3: According to the procedures of Endorsement and Guarantee, the limitation of endorsement or guarantee for other subsidiaries shall not exceed the current net value of the Company. Also, the limitation of endorsement or guarantee for one of the subsidiaries shall not exceed the current net value of Company.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)
As of December 31, 2022

Attachment 2

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Income (Loss) of the	Note
				As of December 31, 2022	As of December 31, 2021	Shares	%	Carrying Value			
Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd.	33846 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City, Taiwan	PCB and business which relates to import and export	\$6,148,342 (Note 3)	\$-	277,548,934	100.00%	\$6,045,287	\$570,053	\$184,907	Note 2
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investing activities	\$2,783,433	\$2,783,433	8,581,000	100.00%	\$5,425,409	\$511,588	\$331,372 (Note 1)	Note 2
Dynamic Electronics Co., Ltd.	CHIANAN TECHNOLOGY CO., LTD.	24257 2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$46,060	\$-	7	70.00%	\$15,243	\$1,923	\$(798)	Note 2
Dynamic Electronics Co., Ltd.	CHENG CHONG TECHNOLOGY CO., LTD	24257 2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$33,211	\$-	7	70.00%	\$33,948	\$6,571	\$737	Note 2
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	\$1,559,261	\$1,559,261	141,917,000	100.00%	USD 182,779	USD 17,169	USD 17,169	Note 2
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$- (Note4)	\$1,555	-	0.00%	\$-	(CNY 13)	\$(8)	Note 2
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$1,957 (Note4)	\$-	50,000	100.00%	CNY 443	(CNY 13)	(CNY 12)	Note 2
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1st Floor, #5 DEKK House, De Zippora Street, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$- (Note4)	\$1,556	-	0.00%	\$-	CNY 138,992	\$380,604	Note 2
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1st Floor, #5 DEKK House, De Zippora Street, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$82,967 (Note4)	\$-	50,000	100.00%	CNY 71,240	CNY 138,992	CNY 53,130	Note 2
Dynamic Electronics Co., Ltd.	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment)	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	\$- (Note4)	\$1,541	-	0.00%	\$-	CNY 34	\$113	Note 2
Dynamic Electronics Co., Ltd.	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment)	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	\$2,930 (Note4)	\$-	50,000	100.00%	CNY 690	CNY 34	CNY 9	Note 2

Note1: Including investment gain recognized under equity method amounted to NT\$511,588 thousand, realized profit on transaction between subsidiaries amounted to NT\$189,992 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$189,992 thousand .

Note2: Transactions are eliminated when preparing the consolidated financial statements.

Note3: Dynamic Holding Co., Ltd. Agured 100% equity of Dynmic Electronice Co., Ltd. by means of share swap on August 25, 2022.

Note4: Considering the long-term development needs, Dynamic Electronics Co., Ltd. reinvestment in Dynamic PCB Electronics Co., Ltd., Dynamic Electronics Co., Ltd. (Seychelles) and Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment) were changed to Dynamic Electronics Co., Ltd. (Huangshi) reinvestment in Dynamic PCB Electronics Co., Ltd., Dynamic Electronics Co., Ltd. (Seychelles) and Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment) .

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Financing provided to others

For the year ended December 31, 2022

Attachment 3

(In Thousands of New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to(purchases from) counter-party	Reason for financing	Loss Allowance	Collateral		Limit of financing amount for individual counter- party	Limit of total financing amount
													Item	Value		
1	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co. Ltd.(Huangshi)	Other receivables -related parties	Yes	\$1,433,920	\$1,139,580	\$1,139,580	3.65-4.35%	2	\$-	Business turnover	\$-	-	\$-	\$1,704,400 (Note 3)	\$1,704,400 (Note 3)
2	Dynamic Electronics Co., Ltd.	Dynamic Holding Co., Ltd.	Other receivables -related parties	Yes	\$80,000	\$80,000	\$20,000	2.366%	2	\$-	Business turnover	\$-	-	\$-	\$6,045,287 (Note 4)	\$6,045,287 (Note 4)

Note 1: Dynamic Holding Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Holding Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of financing is coded as follows:

1. Need for operating is coded "1".
2. Need for short term financing is coded "2".

Note 3: Limit of total financing amount shall not exceed 60% of the lender's net assets of value as of December 31, 2022.

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2022.

Note 4: Limit of total financing amount shall not exceed 100% of the lender's net assets of value as of December 31, 2022.

Limit of financing amount for individual counter-party shall not exceed 100% of the lender's net assets value as of December 31, 2022.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Acquired of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital

For the year Ended December 31, 2022

Attachment 4

(In Thousands of New Taiwan Dollars)

Acquired Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Dynamic Electronics Co., Ltd. (Huangshi)	<u>Buildings</u> Huangshi plant land	2021.07.02	RMB 253,980	As of the end of 2022.12.31 Collected RMB 206,769	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None
Dynamic Electronics Co., Ltd. (Huangshi)	<u>Buildings</u> Huangshi plant land	2021.09.01	RMB 126,350	As of the end of 2022.12.31 Collected RMB 86,933	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None
Dynamic Electronics Co., Ltd. (Huangshi)	<u>Buildings</u> Huangshi plant land	2022.01.28	RMB 120,200	As of the end of 2022.12.31 Collected RMB 57,095	Suzhou Yanke Electromechanical Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None

English Translation of Consolidated Financial Statements Originally Issued in Chinese
DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
Related Party Transactions for Purchases and Sales Amounts exceeding the lower of NT\$100 Million or 20% of Capital Stock
For the Year Ended December 31, 2022

Attachment 5
(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchases	\$206,717	99.98%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 60~120 days after monthly closing.	Accounts payable \$-	-%	Note1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 1,491,397	70.82%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 409,451	67.80%	Note1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Purchases	RMB 879,860	57.28%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 306,588	63.71%	Note1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Sales	RMB 76,513	3.63%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 6,658	1.10%	Note1
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	RMB 76,513	5.57%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 6,658	1.28%	Note1
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Sales	RMB 879,860	43.17%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 306,588	44.94%	Note1
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 850,608	41.74%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 269,552	39.51%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Purchases	USD 126,264	36.32%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 38,703	39.72%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	Sales	USD 340,237	97.87%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 97,449	100.00%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	Sales	USD 7,410	2.13%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 0	-%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	USD 221,383	63.68%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 58,746	60.28%	Note1
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchases	USD 340,237	99.97%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90 days after monthly closing.	Accounts payable USD 97,449	99.97%	Note1

Note1: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Receivables from Related Parties with Amounts exceeding the lower of NT\$100 Million or 20% of Capital Stock

As of December 31, 2022

Attachment 6

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	<u>RMB 409,451</u> (Note1, 2)	<u>2.97</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	<u>USD 97,449</u> (Note1, 2)	<u>3.39</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	<u>RMB 269,552</u> (Note1, 2)	<u>4.26</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	<u>RMB 306,588</u> (Note1, 2)	<u>3.92</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>

Note1: Accounts receivable.

Note2: Transactions are eliminated when preparing the consolidated financial statements.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Intercompany relationships and significant intercompany transactions

For the year Ended December 31, 2022

Attachment 7

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
	<u>Year 2022</u>						
0	Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd.	1	Other payable	\$20,043	-	0.10%
0	Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd.	1	Interest income	\$43	-	-%
1	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	3	Purchases	\$206,717	90 days after monthly closing	1.35%
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	3	Other receivables	\$714,402	-	3.57%
2	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Purchases	USD 221,383	90 days after monthly closing	44.44%
2	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD 58,746	90 days after monthly closing	9.01%
2	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Purchases	USD 126,264	90 days after monthly closing	25.35%
2	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Accounts payable	USD 38,703	90 days after monthly closing	5.94%
3	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Purchases	USD 340,237	90 days after monthly closing	68.31%
3	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Accounts payable	USD 97,449	90 days after monthly closing	14.95%
3	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment)	3	Other managing expenses	USD 44	-	0.01%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Purchases	RMB 879,860	90 days after monthly closing	25.36%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Accounts payable	RMB 306,588	90 days after monthly closing	6.75%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other receivables	RMB 11,632	-	0.26%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other receivables	RMB 260,000	-	5.73%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other Interest income	RMB 10,243	-	0.30%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other operating revenue	RMB 11,906	-	0.34%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Outsourced manufacturing expenses	RMB 194	-	0.01%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Accounts receivable	RMB 6,658	90 days after monthly closing	0.15%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Sales	RMB 76,513	90 days after monthly closing	2.21%

Note 1: Dynamic Holding Co., Ltd. and subsidiaries are coded as follows:

- Dynamic Holding Co., Ltd. is coded "0".
- The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows :

- Investor to investee
- Investee to investor.
- Investee to investee.

Note 3: The percentage base with respect to the total consolidated revenue-weighted average (about income statement accounts) or total assets (about balance sheet accounts).

Note 4: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.

English Translation of a Report Originally Issued in Chinese
AUDIT REPORT OF INDEPENDENT AUDITORS

To: The Board of Directors
Dynamic Holding Co., Ltd.

Opinion

We have audited the accompanying parent-company-only balance sheets of Dynamic Holding Co., Ltd. (the “Company”) as of December 31, 2022 and 2021, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together “the parent-company-only financial statements”).

In our opinion, the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2022 and 2021, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditor(s), we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As stated in Note 1 to the parent-company-only financial report, Dynamic Holding Co., Ltd. acquired 100% equity of Dynamic Electronics Co., Ltd. by means of share swap on August 25, 2022. The above-mentioned share swap was an organizational restructuring under common control. Dynamic Holdings Co., Ltd. was actually the continuation of Dynamic Electronics Co., Ltd., so the parent-company-only financial statements of Dynamic Holdings Co., Ltd. recognized the relevant assets and liabilities based on the book value of the parent-company-only financial statements of Dynamic Electronics Co., Ltd. The parent-company-only financial statements for the comparative period were prepared as if the entities had been combined from the beginning.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition (including investments in subsidiaries)

We determine that revenue recognition is one of the key audit matters. The Company's revenue (including investments in subsidiaries) for the year ended December 31, 2022 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, Asia and Europe, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on monthly sale revenues, and executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Note 4 and 6 to the financial statements.

Provision against inventory (including investments in subsidiaries)

We determine that provision against inventory (including investments in subsidiaries) as of December 31, 2022 is significant to the Company's financial statements. The application market of the Company's main products, PCB, has been developing and changing rapidly and influenced significantly by end-customers' preference. The management therefore has to closely monitor the status of new products development and market demand for evaluating any significant impairment, including loss from market decline and slow-movement, incurred toward inventory. Also there was significant management judgement involved in determining the sufficiency of inventory loss provision. With respect to the key audit matter - provision against inventory, our audit procedures include, but not limit to, evaluating the appropriateness of inventory provision policy including how to identify the phased-out or slow-moving items, testing the correctness of inventory aging report, analyzing the reasons for slow-moving inventory, performing observation on the Company's inventory physical taking, and looking into the status of inventory utilization. Meanwhile, we have evaluated the appropriateness of the related disclosure in Note 5 and 6 to the financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chang, Chih Ming

Chen, Kuo Shuai

Ernst & Young
March 15th, 2023
Taipei, Taiwan,
Republic of China

Notice to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practice to audit such financial statements are those generally accepted and applied in the Republic of China on Taiwan.

Accordingly, the accompanying parent-company-only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD.
PARENT-COMPANY-ONLY BALANCE SHEETS

As of December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of December 31, 2022		As of December 31, 2021	
Code	Accounts	Notes	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$6,984	-	\$-	-
1410	Prepayments		370	-	-	-
	Total current assets		7,354	-	-	-
15xx	Non-current assets					
1550	Investment accounted for under equity method	4, 6(2)	6,045,287	100	5,520,796	100
1600	Property, plant and equipment, net	4, 6(3)	357	-	-	-
1840	Deferred tax assets	4, 6(12)	-	-	-	-
	Total non-current assets		6,045,644	100	5,520,796	100
	Total Assets		\$6,052,998	100	\$5,520,796	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD.

PARENT-COMPANY-ONLY BALANCE SHEETS(Continued)

As of December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2022		As of December 31, 2021	
Code	Accounts	Notes	Amount	%	Amount	%
21xx	Current liabilities					
2200	Other payables	6(4)	\$10,394	-	\$-	-
2220	Other payables - related parties	7	20,043	-	-	-
2300	Other current liabilities		89	-	-	-
	Total current liabilities		30,526	-	-	-
	Total liabilities		30,526	-	-	-
31xx	Equity					
3100	Capital	6(6)				
3110	Common stock		2,775,490	46	2,775,141	50
3140	Capital collected in advance		-	-	43	-
3200	Capital surplus	6(6)	2,970,307	49	1,314,873	24
3300	Retained earnings	6(6)				
3310	Legal reserve		-	-	599,291	11
3320	Special reserve		438,825	7	299,666	5
3350	Accumulated profit or loss		162,092	3	970,607	18
3400	Other components of equity		(324,242)	(5)	(438,825)	(8)
	Total equity		6,022,472	100	5,520,796	100
	Total liabilities and equity		\$6,052,998	100	\$5,520,796	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(7)	\$570,053	100	\$470,454	100
5000	Operating costs		-	-	-	-
5900	Gross profit		570,053	100	470,454	100
6000	Operating expenses					
6200	General and administrative expenses		(22,781)	(4)	-	-
	Operating expenses total		(22,781)	(4)	-	-
6900	Operating loss	6(10)	547,272	96	470,454	100
7000	Non-operating income and expenses					
7100	Interest income		1	-	-	-
7010	Other income		8	-	-	-
7050	Finance costs		(43)	-	-	-
	Non-operating income and expenses total		(34)	-	-	-
7900	Income from continuing operations before income tax	4, 6(12)	547,238	96	470,454	100
7950	Income tax expense		-	-	-	-
8200	Net income		547,238	96	470,454	100
8300	Other comprehensive income (loss)	6(11)				
8360	May be reclassified to profit or loss in subsequent periods					
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		114,583	20	(33,951)	(7)
	Total other comprehensive income (loss), net of tax		114,583	20	(33,951)	(7)
8500	Total comprehensive income (loss)		\$661,821	116	\$436,503	93
9750	Earnings per share - basic (in NT\$)	6(13)	\$1.97		\$1.70	
9850	Earnings per share - diluted (in NT\$)	6(13)	\$1.96		\$1.61	

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital 3100	Capital collected in advance 3140	Capital surplus 3200	Retained earnings			Other components of equity	Total equity 3XXX
					Legal reserve 3310	Special reserve 3320	Accumulated profit or loss 3350	Exchange differences arising on translation of foreign operations 3410	
A1	Balance as of January 1, 2021	\$2,775,141	\$-	\$1,250,883	\$531,385	\$299,666	\$679,065	\$(404,874)	\$5,131,266
	Appropriation and distribution of 2020 earnings								
B1	Legal reserve				67,906		(67,906)		-
B5	Cash dividends-common shares						(111,006)		(111,006)
C5	Equity component of convertible bonds			63,936					63,936
D1	Net income for 2021						470,454		470,454
D3	Other comprehensive income (loss) for 2021							(33,951)	(33,951)
D5	Total comprehensive income (loss)	-	-	-	-	-	470,454	(33,951)	436,503
I1	Conversion of convertible bonds		43	54					97
Z1	Balance as of December 31, 2021	\$2,775,141	\$43	\$1,314,873	\$599,291	\$299,666	\$970,607	\$(438,825)	\$5,520,796
A1	Balance as of January 1, 2022	\$2,775,141	\$43	\$1,314,873	\$599,291	\$299,666	\$970,607	\$(438,825)	\$5,520,796
	Appropriation and distribution of 2021 earnings								
B1	Legal reserve				47,045		(47,045)		-
B3	Special reserve					139,159	(139,159)		-
B5	Cash dividends-common shares						(194,263)		(194,263)
C5	Equity component of convertible bonds			(2,847)					(2,847)
D1	Net income for 2022						547,238		547,238
D3	Other comprehensive income (loss) for 2022							114,583	114,583
D5	Total comprehensive income (loss)	-	-	-	-	-	547,238	114,583	661,821
H3	Effect of joint share exchange			1,621,622	(646,336)		(975,286)		-
I1	Conversion of convertible bonds	349	(43)	379					685
M7	Charges in ownership interest in subsidiaries			36,280					36,280
Z1	Balance as of December 31, 2022	\$2,775,490	\$-	\$2,970,307	\$-	\$438,825	\$162,092	\$(324,242)	\$6,022,472

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	\$547,238	\$470,454
A20000	Adjustments:		
A20010	Profit or loss not effecting cash flows:		
A20100	Depreciation	21	-
A20900	Interest expense	43	-
A21200	Interest income	(1)	-
A22400	Share of profit or loss of subsidiaries, associates and joint ventures	(570,053)	(470,454)
A30000	Changes in operating assets and liabilities:		
A31230	Prepayment	(370)	-
A32180	Other payables	10,394	-
A32230	Other current liabilities	89	-
A32000	Cash generated from operations	(12,639)	-
A33100	Interest received	1	-
AAAA	Net cash provided by (used in) operating activities	(12,638)	-
BBBB	Cash flows from investing activities:		
B02700	Acquisition of property, plant and equipment	(378)	-
BBBB	Net cash provided by (used in) investing activities	(378)	-
CCCC	Cash flows from financing activities:		
C03700	Other payables - related parties	20,000	-
CCCC	Net cash provided by (used in) financing activities	20,000	-
EEEE	Net Increase (decrease) in cash and cash equivalents	6,984	-
E00100	Cash and cash equivalents at beginning of period	-	-
E00200	Cash and cash equivalents at end of period	\$6,984	\$-

(The accompanying notes are an integral part of the parent-company-only financial statements.)

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS

As of December 31, 2021 and 2020 and for the years then ended

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Dynamic Holding Co., Ltd. (hereinafter referred to as “the Company”) was approved and established on August 25, 2022 and listed for trading on the Taiwan Stock Exchange.

Dynamic Electronics Co., Ltd. (hereinafter referred to as “Dynamic Electronics”) applied for the establishment of Dynamic Holding Co., Ltd. by the board of directors on March 31, 2022 and the shareholders' meeting on May 20, 2022 to acquire 100% equity of Dynamic Electronics. The share swap consideration is to exchange 1 common share of Dynamic Electronics for 1 common share of the Company, and the share swap transaction has been completed on August 25, 2022. On the same day, Dynamic Electronics became a 100% subsidiary of the Company and terminated the stock listing and public offering. The company's common stock was listed and traded under the stock code "3715" from the same day. The aforementioned share swap was an organizational restructuring under common control. The Company was actually the continuation of Dynamic Electronics Co., Ltd., and the parent company only financial statements for the comparative period were prepared as if the entities had been combined from the beginning.

The Company is an investment holding company. The Company's registered office and the main business location is at 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)

2. Date and procedures of authorization of financial statements for issue

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors' meeting held on March 15, 2023.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the Company.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(A) Disclosure Initiative – Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(B) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(C) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual period beginning on or after January 1, 2023. The Company assesses all standards and interpretations have no material impact on the Company.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

(A) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(B) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(C) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(D) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(E) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company assesses all standards and interpretations have no material impact on the Company.

4.Summary of significant accounting policies

(1)Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2022 and 2021 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (Regulations).

(2)Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent-company-only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent-company-only financial statements are expressed in thousand of New Taiwan Dollars ("NT\$") unless otherwise stated.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Foreign currency transactions

The Company's parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following.

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instrument.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5) Current and non-current distinction

An asset is classified as current when:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) The Company holds the asset primarily for the purpose of trading;
- (c) The Company expects to realize the asset within twelve months after the reporting period;
- (d) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A liability is classified as current when:

- (a) The Company expects to settle the liability in normal operating cycle;
- (b) The Company holds the liability primarily for the purpose of trading;
- (c) The liability is due to be settled within twelve months after the reporting period;
- (d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have maturities equal to or less than three months from the date of acquisition).

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(A) Financial assets: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- a. The Company's business model for managing the financial assets and
- b. The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- a. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(B) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company measures expected credit losses of a financial instrument in a way that reflects:

- a. An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b. The time value of money; and
- c. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- d. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(C) Derecognition of financial assets

A financial asset is derecognized when:

- a. The rights to receive cash flows from the asset have expired
- b. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- c. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(D) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- a. It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- b. On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- c. It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- a. It eliminates or significantly reduces a measurement or recognition inconsistency; or
- b. A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(E) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IAS 10 "Consolidated and Separate Financial Statements" and the different IFRSs adopted from different reporting entity's perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorate basis.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(10)Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Office equipment	3 years
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An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(11)Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A.the right to obtain substantially all of the economic benefits from use of the identified asset;
and
- B.the right to direct the use of the identified asset.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A.fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B.variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C.amounts expected to be payable by the lessee under residual value guarantees;
- D.the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E.payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(12) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A CGU, or groups of CGUs, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (Company of units), then to the other assets of the unit (Company of units) pro rata on the basis of the carrying amount of each asset in the unit (Company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(13) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employee subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

(14) Income taxes

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Company's parent company only financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) The fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. Contents of significant accounts

(1) Cash and cash equivalents

	2022.12.31	2021.12.31
Checking and savings	\$6,984	\$-

(2) Investments accounted for under the equity method

	2022.12.31		2021.12.31	
Investee companies	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries:				
Dynamic Electronics Co., Ltd.	\$6,045,287	100.00%	\$5,520,796	100.00%

DYNAMIC HOLDING CO., LTD.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) The Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary valuations and adjustments.

(b) No investment accounted for under the equity method was pledged as collaterals.

(3) Property, plant and equipment

	2022.12.31	2021.12.31
Owner occupied property, plant and equipment	\$357	\$-
		Other equipment
Cost:		
2022.01.01		\$-
Additions		378
Disposals		-
Transfer		-
2022.12.31		\$378
2022.01.01		\$-
Depreciation		21
Impairment loss		-
Disposals		-
Transfer		-
2022.12.31		\$21
2022.12.31		\$357

(4) Other payables

Other payables consist of the following:	2022.12.31	2021.12.31
Accrued expenses	\$10,394	\$-

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the year ended December 31, 2022 amounted to NT\$229 thousand.

(6) Equities

(a) Common stock

As of December 31, 2021, the Company's authorized capital was NT\$4,000,000 thousand. As of December 31, 2021, the Company's paid-in capital was NT\$2,775,141 thousand, each share at par value of NT\$10, divided into 277,514,032 shares.

During 2021, the second unsecured convertible bonds in the amount of NT\$100 thousand were converted into 4 thousand common shares. On December 28, 2022, Dynamic Electronics's board meeting resolved to increase capital and the measurement date was on January 1, 2022.

During 2022, the second unsecured convertible bonds in the amount of NT\$700 thousand were converted into 31 thousand common shares.

As stated in Note 1 to the parent-company-only financial statements, the Company exchanged 1 common share of Dynamic Electronics for 1 common share of the Company through share conversion on August 25, 2022, and acquired 100% equity of Dynamic Electronics. As of December 31, 2022, the Company's registered capital was NTD4,000,000 thousand, and the issued share capital was NTD2,775,490 thousand, with a par value of NTD10 per share, divided into 277,548,934 shares.

DYNAMIC HOLDING CO., LTD.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b)Capital surplus

	2022.12.31	2021.12.31
Additional paid-in capital	\$1,176,745	\$1,176,745
Conversion premium of convertible corporate bonds	533	67
Treasury share transactions	34,946	32,214
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	51,811	15,531
Gain on sale of assets	155	155
Employee stock option	6,528	6,528
Share options	77,967	83,633
Merger by share exchange	1,621,622	-
Total	\$2,970,307	\$1,314,873

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made either in cash or in the form of share dividend to its shareholders in proportion to the number of shares being held by each of them.

(c) Retained earnings and dividend policies

(1) Earning distribution

The promoters meeting of Dynamic Electronics Co., Ltd./Dynamic Holdings Co., Ltd. passed the company's articles of association through the shareholders' meeting on May 20, 2022. According to the company's articles of association, when allocating the current year's earnings, if any, after having paid all taxes and dues, shall first set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply; the rest shall be set aside as special surplus or reversal according to laws or the regulations of the competent authority; if there is any remaining portion, the board of directors shall, along with the accumulated undistributed earnings, submit a surplus distribution proposal to the shareholders meeting for a resolution to distribute shareholder dividends. The Company may, in accordance with Articles 240 and 241 of the Company Act, authorize the board of directors to issue cash dividends and bonuses by special resolutions, and distribute in cash the above-mentioned dividends or capital reserve or/and legal reserve in compliance with the Company Act and shall report the distribution in the most recent shareholder's meeting.

(2) Dividend policy

The company's dividend policy is based on the expansion of business scale, considering the company's capital expenditure and operating turnover needs and the degree of dilution of earnings per share to moderately distribute stock dividends or cash dividends, but cash dividends are paid at a rate not lower than the current 10% of total annual dividends.

(3) According to the Company Act, the Company shall set aside legal reserve from earnings unless where the amount of legal reserve reaches the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by shareholders.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4)Special reserve

The special surplus reserve shall be set aside at the time of the assignment of the distributable surplus, on the basis of the difference between the balance of the special surplus reserve at the time of the first IFRS application and the net amount of other equity deductions. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

Following the adoption of T-IFRS, the FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance: On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, Dynamic Electronics shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, Dynamic Electronics can reverse the special reserve by proportion and transfer to retained earnings.

As of January 1, 2013, special reserve set aside for the first-time adoption of T-IFRS amounted to NT\$349,310 thousand. Furthermore, Dynamic Electronics has reversed special reserve in the amount of NT\$49,644 thousand to retained earnings during the year ended December 31, 2013 due to the use, disposal or reclassification of related assets. As of December 31, 2022 and 2021, special reserve set aside for the first-time adoption of T-IFRS reduced to NT\$299,666 thousand accordingly.

(5)The appropriations of earnings for the years 2022 and 2021 were approved through the Board meeting and stockholders' meeting held on March 15, 2023 and May 20, 2022, respectively. The details of the distributions are as follows.

	Appropriation of earnings		Dividend per share (in NT\$)	
	2022	2021	2022	2021
Legal reserve	\$16,209	\$47,045		
Special reserve	(114,583)	139,159		
Cash dividend	222,039	194,263	\$0.8	\$0.7
Total	<u>\$123,665</u>	<u>\$380,467</u>		

DYNAMIC HOLDING CO., LTD.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Please refer to Note 6(9) for details on employees' compensation and remuneration to directors and supervisors.

(7) Operating revenues

	For the year ended December 31,	
	2022	2021
Investment revenues	\$570,053	\$470,454
By the timing for revenue recognition:		
At a point in time	\$570,053	\$470,454

(8) Leases

(a) Company as a lessee

The Company leases buildings, machinery. The lease terms 1 years. The Company is not allowed to loan, sublease or sell without obtaining the consent from the lessors.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

A. Income and costs relating to leasing activities

	For the year ended December 31,
	2022
The expenses relating to short-term leases	\$882

The portfolio of short-term leases of the Company to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expenses disclosed above, and the amount of its lease commitments is NT\$0.

B. Cash outflow relating to leasing activities

During the year ended December 31, 2022, the Company's total cash outflows for leases amounted to NT\$882 thousand.

- (9) Summary of employee benefits, depreciation and amortization expenses by function during the year ended December 31, 2022 is as follows:

Function Nature	2022		
	Operating costs	Operating expenses	Total amount
Employee benefits expense			
Salaries	\$-	\$11,119	\$11,119
Labor and health insurance	-	535	535
Pension	-	229	229
Directors' remuneration	-	2,888	2,888
Depreciation	-	21	21

Note:

- 1.The headcounts of the Company amounted to 16, respectively, as of December 31, 2022. Among the Company's directors, there were 0 who were not the employees.
- 2.Companies who have been listed on Taiwan Stock Exchange or Taiwan Over-The Counter Securities Exchange should disclose the following information:
 - (1) Average employee benefits of 2022 is NT\$743 thousand.
 - (2) Average salaries of 2022 is NT\$695 thousand.
 - (3) The Company was approved and established on August 25, 2022, and there was no change in the average salaries.
- 3.The Company was approved and established on August 25, 2022, supervisor's remuneration of 2022 is NT\$570 thousand.

4. The salary and remuneration policy of the Company:

According to Article 26 of the Company's Articles of Incorporation, no less than 0.1% of profit of the current year is distributable as employees' compensation and no more than 3% of profit of the current year is distributable as remuneration to directors and supervisors. In addition to the basic salary, the company will issue bonuses based on operating conditions to motivate morale and retain outstanding employees in a timely manner. The Company formulates position and rank management policies and personnel appraisal committee establishment policies to provide objective and fair evaluations based on the actual conditions by establishing a remuneration system to keep employees motivated. The system will serve as the basis for bonuses, promotions, salary adjustments, and job transfers; directors' remuneration and manager's remuneration are recommended by the remuneration committee in accordance with the Company's policy, after being submitted to the Board of Directors for approval.

The promoter meeting of Dynamic Electronics Co., Ltd./Dynamic Holding Co., Ltd. was passed the Company's articles of association (hereinafter the Articles of Incorporation) at the shareholders' meeting on May 20, 2022. According to the Articles of Incorporation, if there is profit in the year, no less than 0.1% shall be allocated as employee compensation and no more than 3% as director remuneration. However, when there are accumulated losses, the profit shall be used to cover the losses first. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 to be not lower than 0.1% and not higher than 3% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 amount to NT\$ 2,619 thousand and NT\$ 2,508 thousand, respectively.

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NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Non-operating income and expenses

(a) Interest income

	For the year ended December 31,
	2022
Interest income	
Financial assets carried at amortized cost	\$1

(b) Other income

	For the year ended December 31,
	2022
Other income — others	\$8

(c) Finance costs

	For the year ended December 31,
	2022
Interest on borrowings from financing	\$43

(11) Components of other comprehensive income (loss)

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	\$114,583	\$-	\$114,583	\$-	\$114,583

DYNAMIC HOLDING CO., LTD.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2021

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	<u>\$(33,951)</u>	<u>\$-</u>	<u>\$(33,951)</u>	<u>\$-</u>	<u>\$(33,951)</u>

(12) Income tax

(a) The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the year ended December 31, 2022
Current income tax expense (income):	
Current income tax charge	\$-
Deferred tax expense (income):	
Deferred tax expense (income) relating to origination and reversal of temporary differences	-
Total income tax expense	<u>\$-</u>

(b) A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,
	2022
Accounting profit before tax from continuing operations	\$162,092
Tax at the domestic rates applicable to profits in the country concerned	\$32,418
Other adjustments according to the Tax Law	(36,981)
Tax effect of deferred tax assets/liabilities	4,563
Income tax on undistributed surplus	-
Total income tax expense recognized in profit or loss	\$-

(c) Unrecognized deferred tax assets

As of December 31, 2022, the amount of deferred income tax assets unrecognized by the Company was NT\$4,990 thousand.

(d) The following table contains information of the net operating loss of the Company:

Year incurred	Net operating loss	Expiration year
2022	\$22,815	2032

(e) The assessment of income tax returns

The Company was approved and established on August 25, 2022, no income tax returns were filed.

(13) Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

DYNAMIC HOLDING CO., LTD.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the year ended December 31,	
	2022	2021
(a) Basic earnings per share		
Net income available to common shareholders of the parent	\$547,238	\$470,454
Weighted average number of common stocks outstanding (in thousand shares)	277,531	277,515
Basic earnings per share (in NT\$)	\$1.97	\$1.70
(b) Diluted earnings per share		
Net income available to common shareholders of the parent	\$547,238	\$470,454
Issued domestic bonds payable of valuation through profit or loss on redemption	865	(440)
Interest on convertible bonds	20	3,710
Gains on redemption of bonds	(1,677)	-
Losses on redemption of bonds	(Note)	-
Net income available to common shareholders of the parent after dilution (in thousand NT\$)	\$546,446	\$473,724
Weighted average number of common stocks outstanding (in thousand shares)	277,531	277,515
Effect of dilution:		
Employee bonus (compensation)—stock (in thousand shares)	500	2,703
Convertible bonds (in thousands)	121	13,818
Redemption of bonds (in thousands)	(Note)	-
Weighted average number of common stocks outstanding after dilution (in thousand shares)	278,152	294,036
Diluted earnings per share (in NT\$)	\$1.96	\$1.61

Note: It is not applicable due to anti-dilutive effect.

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. Related party transactions

(1) Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Dynamic Electronics Co., Ltd.	Subsidiary

(2) Significant transactions with related parties

(a) Other receivables from related parties (including capital finance)

	<u>2022.12.31</u>
Dynamic Electronics Co., Ltd.	<u>\$20,043</u>

(b) Capital finance with related parties

<u>Name of related party</u>	<u>The highest balance(Cr)</u>	<u>Balance at year end(Cr)</u>	<u>Interest rate</u>	<u>Total interest for the year</u>
<u>2022</u>				
Dynamic Electronics Co., Ltd.	<u>\$80,000</u>	<u>\$20,000</u>	2.366%	<u>\$43</u>
<u>2021</u>				
None				

DYNAMIC HOLDING CO., LTD.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Key management personnel compensation

	For the year ended December 31,
	2022
Short-term employee benefits	\$2,180
Post-employment benefits	104
Total	\$2,284

8. Assets pledged as collateral

None.

9. Significant contingencies and unrecognized contract commitments

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	2022.12.31
Financial assets measured at amortized cost:	
Cash and cash equivalents (not included cash on hand and petty cash)	\$6,984

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial liabilities

	<u>2022.12.31</u>
Financial liabilities at amortized cost:	
Payables	<u>\$30,437</u>

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before the Company enters into significant transactions, the Board of Directors and Audit Committee must carry out due approval process based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

As of December 31, 2022, the Company does not have assets and liabilities denominated in foreign currencies, so no significant currency risk.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.1% of interest rate in a reporting period could cause the profit for the year ended December 31, 2022 to decrease/increase by NT\$13 thousand.

Equity price risk

As of December 31, 2022, the Company does not hold equity securities at fair value; therefore the Company is not subject to equity price risk.

(4)Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
2022.12.31					
Payables	\$30,437	\$-	\$-	\$-	\$30,437

(5) Fair values of financial instruments

- (a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- i. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- iv. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

v. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(6) for fair value measurement hierarchy for financial instruments of the Company.

(6) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. And the Company assets or liabilities that are measured at fair value on a recurring basis.

Transfers between Level 1 and Level 2 during the period

During the year ended December 31, 2022, there was no transfers between Level 1 and Level 2 fair value measurements.

(7) Significant assets and liabilities denominated in foreign currencies (in thousand dollars): None.

(8) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosures

(1) The following are additional disclosures for the Company as required by the R.O.C. Securities and Futures Bureau:

- a. Financing provided to others for the year ended December 31, 2022: None.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2022: Please refer to Attachment 1.
- c. Securities held as of December 31, 2022 (excluding subsidiaries, associates and joint ventures): None.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
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- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock for the year ended December 31, 2022: Please refer to None.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2022: None.
- i. Financial instruments and derivative transactions: None.

(2) Information on investees :

- A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 2.
- B. An investor controls operating, investing and financial decisions of an investee. The related information for the investee shall be disclosed in Note13(1) below:
 - (a) Financing provided to others for the year ended December 31, 2022: Please refer to Attachment 3.
 - (b) Endorsement/Guarantee provided to others for the year ended December 31, 2022: Please refer to Attachment 1.
 - (c) Securities held as of December 31, 2022 (excluding subsidiaries, associates and joint ventures): None.
 - (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.

- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: Please refer to Attachment 4.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.
- (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock for the year ended December 31, 2022: Please refer to Attachment 5.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2022: Please refer to Attachment 6.
- (i) Financial instruments and derivative transactions: The table below lists the information related to forward currency contracts as of December 31, 2022 :

Items (by contract)	Notional Amount	
	(in thousand dollars)	Contract Period
Forward currency contract	USD 3,000	2022.12.22~2023.03.20

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NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
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(3) Information on investments in Mainland China:

- a. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	\$2,456,800 (Note 2 、 3 and 6)	(Note 11)	\$2,260,265	\$-	\$-	\$2,260,265	\$(102,199) (Note 2)	100%	\$(99,925) (Note 2 、 4 and 5)	\$2,840,667 (Note 2 、 4 and 5)	\$1,851,997 (Note 2)	\$2,260,265	\$- (Note 11)	No upper limit (Note 10)

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NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
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Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics Co., Ltd. (Huangshi)	Manufacturing and selling of PCB	\$1,788,858 (Note 2、6、7、8 and 9)	(Note 1)	\$504,167	\$-	\$-	\$504,167	\$525,407 (Note 2)	97.8541%	\$377,765 (Note 2、4 and 5)	\$5,612,219 (Note 2、4 and 5)	\$-	\$504,167	\$3,397,582	

Note 1: Investment in Mainland China through WINTEK (MAURITIUS) CO., LTD. and Dynamic Holding Pte. Ltd., companies established in the third area.

Note 2: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.

Note 3: Total amount of paid-in capital is USD 80,000 thousand.

Note 4: The investment income (loss) recognized under equity method and by calculation was based on audited financial statements.

Note 5: WINTEK (MAURITIUS) CO., LTD. recognized investment income (loss) and book value by Dynamic Electronics (Kunshan) Co. Ltd. and Dynamic Electronics Co., Ltd., (Huangshi) through Dynamic Electronics Holding Pte. Ltd.

Note 6: The difference between investments remitted from Taiwan in amount of USD 69,500 thousand and the received paid-in capital of USD 80,000 thousand was cash capital increase of USD 10,500 thousand made by WINTEK (MAURITIUS) CO., LTD.

English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese
DYNAMIC HOLDING CO., LTD.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note 7: The difference between investments remitted from Taiwan in amount of USD 16,060 thousand and the paid-in capital of USD50,000 thousand is an indirect investment of USD33,940 thousand made by WINTEK (MAURITIUS) CO., LTD. by using cash dividends received from Dynamic Electronics (Kunshan) Co. Ltd.

Note 8: Dynamic Electronics Co., Ltd. (Huangshi) passed the resolution of the board of directors on August 4, 2022 to reduce the capital of USD 73,000 thousand, which was booked under capital surplus. In addition, on September 2, 2022, the board of directors approved a cash capital increase of RMB 35,000 thousand of which RMB 8,888 thousand (equivalent to USD 1,250 thousand) was booked as capital, and the remaining RMB 26,112 thousand was booked as capital surplus.

Note 9: Total amount of paid-in capital is USD58,250 thousand.

Note 10: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 11: The Company previously indirectly invested in its China subsidiary, Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics Holding Pte. Ltd. The Company now indirectly invests in Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics Co., Ltd. (Huangshi).

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. Purchase and accounts payable with the related parties: None.

c. Sales and accounts receivable with the related parties: None.

d. The profit and loss produced by transaction of the property:

As of December 31 2022, the Company wrote off the profit of property, plant and equipment amounted to NT\$117,498 thousand, because of unrealized under the investment balance using the equity method.

e. The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure: Please refer to Attachment 1.

f. The amount of maximum financing, the balance interest rates, and lump sum interest expense: Please refer to Attachment 3.

g. The other events impact over current profit or loss or have the significant influence over the financial conditions, such as provided service or received service: None.

(4) Information on major shareholders:

None.

14. Segment information

The Company has provided the operating segments disclosure in the consolidated financial statements.

DYNAMIC HOLDING CO., LTD.

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2022

Attachment 1

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Relationship (Note2)										
0	Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	2	\$6,022,472	\$3,114,840	\$2,483,460	\$91,980	\$-	41.24%	\$6,022,472	Y	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	2	\$6,045,287	\$3,133,530	\$1,734,660	\$1,627,350	\$-	28.80%	\$6,045,287	N	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	2	\$6,045,287	\$321,650	\$-	\$-	\$-	-%	\$6,045,287	N	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	2	\$6,045,287	\$149,450	\$61,320	\$-	\$-	1.02%	\$6,045,287	N	N	N

Note 1: Dynamic Holding Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Holding Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note2 : The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

- 1.The company with business contacts.
- 2.The company directly and indirectly holds more than 50% of the shares with voting rights.
- 3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.
- 4.The company directly and indirectly holds more than 90% of the shares with voting rights.
- 5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.
- 6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.
- 7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3: According to the procedures of Endorsement and Guarantee, the limitation of endorsement or guarantee for other subsidiaries shall not exceed the current net value of the Company. Also, the limitation of endorsement or guarantee for one of the subsidiaries shall not exceed the current net value of Company.

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2022	As of December 31, 2021	Shares	%	Carrying Value			
Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd.	33846 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City, Taiwan	PCB and business which relates to import and export	\$6,148,342 (Note 2)	\$-	277,548,934	100.00%	\$6,045,287	\$570,053	\$184,907	
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investing activities	\$2,783,433	\$2,783,433	8,581,000	100.00%	\$5,425,409	\$511,588	\$331,372 (Note 1)	
Dynamic Electronics Co., Ltd.	CHIANAN TECHNOLOGY CO., LTD.	24257 2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$46,060	\$-	7	70.00%	\$15,243	\$1,923	\$(798)	
Dynamic Electronics Co., Ltd.	CHENG CHONG TECHNOLOGY CO., LTD	24257 2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$33,211	\$-	7	70.00%	\$33,948	\$6,571	\$737	
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	\$1,559,261	\$1,559,261	141,917,000	100.00%	USD 182,779	USD 17,169	USD 17,169	
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$- (Note3)	\$1,555	-	0.00%	\$-	(CNY 13)	\$(8)	
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$1,957 (Note3)	\$-	50,000	100.00%	CNY 443	(CNY 13)	(CNY 12)	
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1st Floor, #5 DEKK House, De Zippora Street, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$- (Note3)	\$1,556	-	0.00%	\$-	CNY 138,992	\$380,604	
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1st Floor, #5 DEKK House, De Zippora Street, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$82,967 (Note3)	\$-	50,000	100.00%	CNY 71,240	CNY 138,992	CNY 53,130	
Dynamic Electronics Co., Ltd.	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment)	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	\$- (Note3)	\$1,541	-	0.00%	\$-	CNY 34	\$113	
Dynamic Electronics Co., Ltd.	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment)	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	\$2,930 (Note3)	\$-	50,000	100.00%	CNY 690	CNY 34	CNY 9	

Note1: Including investment gain recognized under equity method amounted to NT\$511,588thousand, realized profit on transaction between subsidiaries amounted to NT\$9,776thousand and unrealized profit on transaction between subsidiaries amounted to NT\$189,992 thousand .

Note2: Dynamic Holding Co., Ltd. acquired 100% equity of Dynamic Electronics Co., Ltd. by means of share swap on August 25, 2022.

Note3: Considering the long-term development needs, Dynamic Electronics Co., Ltd. reinvestment in Dynamic PCB Electronics Co., Ltd., Dynamic Electronics Co., Ltd. (Seychelles) and Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment) were changed to Dynamic Electronics Co., Ltd. (Huangshi) reinvestment in Dynamic PCB Electronics Co., Ltd., Dynamic Electronics Co., Ltd. (Seychelles) and Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment) .

DYNAMIC HOLDING CO., LTD.

Financing provided to others

For the year ended December 31, 2022

Attachment 3

(In Thousands of New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to(purchases from) counter-party	Reason for financing	Loss Allowance	Collateral		Limit of financing amount for individual counter- party	Limit of total financing amount
													Item	Value		
1	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co. Ltd.(Huangshi)	Other receivables -related parties	Yes	\$1,433,920	\$1,139,580	\$1,139,580	3.65-4.35%	2	\$-	Business turnover	\$-	-	\$-	\$1,704,400 (Note 3)	\$1,704,400 (Note 3)
2	Dynamic Electronics Co., Ltd.	Dynamic Holding Co., Ltd.	Other receivables -related parties	Yes	\$80,000	\$80,000	\$20,000	2.366%	2	\$-	Business turnover	\$-	-	\$-	\$6,045,287 (Note 4)	\$6,045,287 (Note 4)

Note 1: Dynamic Holding Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Holding Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of financing is coded as follows:

1. Need for operating is coded "1".
2. Need for short term financing is coded "2".

Note 3: Limit of total financing amount shall not exceed 60% of the lender's net assets of value as of December 31, 2022.

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2022.

Note 4: Limit of total financing amount shall not exceed 100% of the lender's net assets of value as of December 31, 2022.

Limit of financing amount for individual counter-party shall not exceed 100% of the lender's net assets value as of December 31, 2022.

Acquired Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Dynamic Electronics Co., Ltd. (Huangshi)	<u>Buildings</u> Huangshi plant land	2021.07.02	RMB 253,980	As of the end of 2022.12.31 Collected RMB 206,769	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None
Dynamic Electronics Co., Ltd. (Huangshi)	<u>Buildings</u> Huangshi plant land	2021.09.01	RMB 126,350	As of the end of 2022.12.31 Collected RMB 86,933	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None
Dynamic Electronics Co., Ltd. (Huangshi)	<u>Buildings</u> Huangshi plant land	2022.01.28	RMB 120,200	As of the end of 2022.12.31 Collected RMB 57,095	Suzhou Yanke Electromechanical Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchases	\$206,717	99.98%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 60~120 days after monthly closing.	Accounts payable \$-	-%	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 1,491,397	70.82%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 409,451	67.80%	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Purchases	RMB 879,860	57.28%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 306,588	63.71%	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Sales	RMB 76,513	3.63%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 6,658	1.10%	
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	RMB 76,513	5.57%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 6,658	1.28%	
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Sales	RMB 879,860	43.17%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 306,588	44.94%	
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 850,608	41.74%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 269,552	39.51%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Purchases	USD 126,264	36.32%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 38,703	39.72%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	Sales	USD 340,237	97.87%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 97,449	100.00%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	Sales	USD 7,410	2.13%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 0	-%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	USD 221,383	63.68%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 58,746	60.28%	
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchases	USD 340,237	99.97%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90 days after monthly closing.	Accounts payable USD 97,449	99.97%	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD.

Receivables from Related Parties with Amounts exceeding the lower of NT\$100 Million or 20% of Capital Stock

As of December 31, 2022

Attachment 6

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent	Loss Allowance
					Amount	Action Taken		
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	<u>RMB 409,451</u> (Note1)	<u>2.97</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	<u>USD 97,449</u> (Note1)	<u>3.39</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	<u>RMB 269,552</u> (Note1)	<u>4.26</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	<u>RMB 306,588</u> (Note1)	<u>3.92</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>

Note1: Accounts receivable.

Dynamic Holding Co., Ltd.

Chairman : Ken Huang

